

Table with exchange rates for various countries including USA, Canada, and others.

Table with interest rate information.

Table with foreign exchange rates.

Table with gold prices and other financial data.

Table with company shares and financial metrics.

World news Business summary

Haiti seeks British to recover Duvalier assets

Haiti, following the example of the Philippines, has asked the Swiss Government whether it can recover assets with Swiss banks belonging to its deposed President Jean Claude (Baby Doc) Duvalier and his family.

Tutu elected

Nobel peace prize winner Bishop Desmond Tutu has been elected leader of the Anglican Church in southern Africa.

Workers to return

Most of 100,000 workers involved in Norway's biggest industrial dispute for 55 years will return to work today, arbitrators said.

Moscow visit

Sweden's Prime Minister, Ingvar Carlsson, making the first official visit by the Soviet Union by a Swedish leader since 1976, arrived in Moscow for talks on arms control and bilateral relations.

Tear gas fired

Israeli troops fired tear gas to disperse Palestinian students hurling rocks at Israeli ultra-nationalist meeting in a Jewish settlement overlooking the occupied town of Hebron.

Nato effort urged

Nato needs more coherent planning for armaments co-operation as part of an effort to reduce waste and duplication in arms manufacture, Robin Beard, Nato assistant secretary-general, said.

Natta re-elected

Italy's Communist party acclaimed Alessandro Natta as its youngest leader, confounding predictions that he would be ousted because of two electoral setbacks last year.

Opponents meet

Members of the abolished Philippine National Assembly still loyal to ousted leader Ferdinand Marcos held a "rebel session" and accused President Corason Aquino of illegally grabbing power.

Employee executed

A Chinese state company employee was executed for leaking state secrets to foreign businessmen and taking bribes.

Kidnap protest

Schools, universities and education officials in Moslem west Beirut went on strike to protest against a series of kidnappings of teachers. Eight have disappeared in three months - four of them foreigners missing over the past 18 days.

French writer dies

French writer and philosopher Simone de Beauvoir died in hospital aged 78.

EEC plans curbs on Libyans but urges US caution

BY QUENTIN PEEL IN THE HAGUE AND REGINALD DALE IN WASHINGTON

THE TWELVE member-states of the EEC yesterday agreed to curb the movements of Libyan diplomats in their countries, to cut back their numbers and to demand stricter visa requirements of Libyan nationals. Their action comes as a direct response to "convincing evidence" of Libyan involvement in acts of terrorism.

US and Japan take new initiative on trade issues

BY STEWART FLEMING IN WASHINGTON

THE US and Japan have agreed to set up a joint panel of top officials to monitor Japan's commitment to changing the structure of its economy so that domestic consumption rather than exports plays a higher role in fostering economic growth.

US deal will lift Saatchi to No 2

BY LUCY KELLAWAY IN LONDON

SAATCHI AND SAATCHI, the British-based international advertising agency, is set to become the second largest agency in the world with the planned purchase of Backer & Spielvogel of the US.

France cuts key intervention rate by 1/2-point

By David Housego in Paris

THE BANK of France yesterday cut its intervention rate - the leading money market rate - by a 1/2 percentage point to 7 1/2 per cent in the first lowering of French interest rates since the franc was devalued eight days ago.

BHP injects A\$1.22bn into Elders

BY LACHLAN DRUMMOND IN SYDNEY

BROKEN HILL Proprietary (BHP), the big Australian energy, resources and steel company, moved dramatically yesterday to strengthen its defences against the unwelcome approach of Mr Robert Holmes à Court by paying A\$1.22bn (US\$857m) for a strategic holding in Elders IXL.

5% ADR tax too high - UK central bank

By Philip Stephens in London

MR ROBIN Leigh-Pemberton, Governor of the Bank of England, yesterday stepped into the controversy over the decision to tax the conversion of shares into American depositary receipts (ADRs) by suggesting the proposed 5 per cent charge was too high.

Advertisement for Standard Chartered Bank with the headline 'To exploit California's business opportunities, talk to California's business bank.' Includes an image of a building.

CONTENTS table listing various sections and their page numbers, including Europe, America, Overseas, World Trade, Britain, etc.

EUROPEAN NEWS

Natta strengthens his leadership of Italian Communists

BY JAMES BLIXTON IN ROME

ITALY'S Communists have ended their five-day congress in Florence with the position of their leader, the 68-year-old Mr Alessandro Natta, strengthened and with some of the left-wing mystique of the party's image deliberately toned down.

But they have not made any clearer how they intend to pursue their objective of coming to government, from which they have been absent since 1947.

The congress, which ended on Sunday night, reunited and revived the spirits of the party after two disastrous years. In 1984 it lost its revered leader, Enrico Berlinguer, who died of a stroke. Last year the party suffered a serious reverse in local elections and was then defeated in a referendum on wage indexation which it had promoted. From then on the party became riven with internal strife.

Mr Natta was re-elected party secretary by acclamation on Sunday and has succeeded in welding together an alliance consisting of the centre majority of the party plus its right wing, among whose leaders is Mr Giorgio Napolitano. The pro-Soviet section of the left is a tiny minority.

Mr Natta has established Mr

Achille Occhetto, an engaging and popular 50-year-old, to be his effective No 2. There are suggestions that Mr Natta, who has a poor image with the Italian public, may hand over to Mr Occhetto at the next congress.

Mr Natta has made an important change with the policies of Mr Berlinguer. He made clear to the congress that he did not believe that the party was an infallible source of wisdom and that it possessed an historic inevitability that made it different from other parties.

He told the congress: "We do not claim to profess the truth, nor to be superior to others." He said that the party was simply another party of the European left.

Mr Natta's shift is designed to make the party more appetising to the Italian electorate, of which about 30 per cent supports it, and to other political parties which have so far refused to ally themselves with it. But the apparent abandoning of the idea that the Communists are "different" could dismay party activists, while it raises the question of why the Communists retain a name which in itself makes many people uneasy.

Nato urged to plan for arms co-operation

By Bridget Bloom in Brussels

NATO NEEDS more coherent planning for armaments co-operation as part of an Alliance effort to reduce waste and duplication in arms manufacture, Mr Robin Beard, assistant secretary general of Nato, said yesterday.

Nato had so far planned for such co-operation between its 16 member states on a piecemeal, hit-and-miss basis, Mr Beard told a conference of industrialists here.

Mr Beard, a former US Congressman now responsible for all joint armaments projects within Nato, said he recognised that Nato was an alliance of sovereign nations and he was not therefore calling for a supra-national procurement agency. But Nato did badly need a more efficient system to allow real co-ordination of co-operative arms manufacture.

Mr Beard, who took up his Nato assignment two years ago, said he thought there had been some progress. He noted that Nato arms directors, who meet here today in regular spring sessions, had agreed in less than four months to go ahead with joint research and development on six projects to be financed by a special \$250m fund.

Nato arms purchasing, Page 24

Special guest at Honecker's Party

BY LESLIE COLLITT IN EAST BERLIN



Mr Erich Honecker

IN THE run up to East Germany's Communist Party Congress later this week, the Socialist Unity (Communist) Party has predictably hailed itself as the "most successful party on German soil."

The stars of the mammoth gathering, in East Berlin's Place of the Republic, will be East Germany's 73-year-old leader Mr Erich Honecker—in power since 1971—and his special Soviet guest, Mr Mikhail Gorbachev. Despite their 19-year age gap and Mr Honecker's inability to speak Russian, the two men should have few problems communicating.

The East German party congress will be, it appears, the first in Eastern Europe to be visited by Mr Gorbachev. East Berlin sees this as a sign of the Soviet leader's high esteem for Mr Honecker and for his country's economic achievements. By Soviet standards East Germany is a model of economic efficiency.

For strategic reasons, Soviet leaders have always paid close attention to the Warsaw Pact's western-most outpost, jealously guarding it with the 300,000 man Soviet Forces Group.

There were times during the past two years when Mr Honecker wished Moscow had paid less attention to every aspect of his leadership. In the summer of 1984, Soviet diplomats and the media in Moscow warned East Berlin of the dangers of getting too close to

inner leadership circle and untested in Soviet eyes.

Most important for Moscow, the ageing but still energetic East German leader has a proven track record of maintaining internal stability and order. At the same time his country has scored the highest growth rate in Comecon in recent years and supplied the Soviet Union with a wide range of vital industrial products.

Economic growth of 4.1 per cent in the first quarter of this year (versus a planned 4.6) was noteworthy during a tough winter.

The 133 industrial Kombinate (combined) created in 1978 have proved themselves able to boost efficiency but not innovation. These vertically integrated groups have been praised by Mr Gorbachev's economic advisers.

East Germany has, in recent years, also moved to bring the costs of industrial and agricultural inputs closer to real costs and introduced higher prices for new products in the market place. The state budget, however, is burdened by ever-greater subsidies to maintain low rents and low prices for basic necessities which East Germans regard as indispensable in the absence of high wages.

The role of the private shopkeeper and repairman, never wholly eliminated in East Germany, is being cautiously enhanced by granting more

licences to open private shops each year. Even the party realises that spongy rolls from a huge bakery combine will not replace crisp ones from a private outlet.

One great complaint of East Germans has long been tight restrictions on travel to the West. In recent months, the number of East Germans allowed to visit families in the West on special occasions jumped more than 50 per cent to some 1,500 a month. This increase in the number of visitors has been accompanied by a doubling in the number of East Germans allowed to move permanently to West Germany after years of waiting. Some 7,000 arrived in the first quarter of the year. Both increases were the result of talks last year between the increasingly flexible Mr Honecker and West German politicians.

But the problem of confinement remains for most East Germans who are unable to travel except to a few East European countries. The restrictions cause a good many that young people were especially saddened that they are forced to wait until retirement age until they can visit the West.

A leading Protestant bishop in East Germany noted recently that young people were especially saddened that they are forced to wait until retirement age until they can visit the West.

UK 'warns of risks' in rejecting Cyprus plan

By Andriana Ierodiakonou

BRITAIN HAS warned that a rejection of the latest United Nations peace plan for Cyprus will increase the risk of a permanent partition of the divided eastern Mediterranean island, according to Greek Cypriot officials.

This view was reportedly put forward by Mrs Margaret Thatcher, the British Prime Minister, during a meeting in London one week ago with Mr Spyros Kyprianou, the Cypriot President. Both London and Washington have been strong supporters of the Cyprus peace initiative launched by the UN Secretary-General, Mr Javier Perez de Cuellar, in 1984.

Mr Kyprianou, who arrived in Athens yesterday, was expected to brief the Greek Government in London visit during a round of consultations on how to respond to the latest UN document.

The Cypriot President had reportedly hoped to persuade the British side that if the UN draft settlement is accepted in its present form it would create an unstable situation in Cyprus and by extension the eastern Mediterranean. Britain maintains two sovereign military bases on the island which was a colony until independence in 1960.

Cyprus has been partitioned since 1974, when Turkey invaded and occupied two-thirds of the island in the wake of a coup organised by the Greek military junta.

The present UN draft plan, the third such document in 18 months, was presented by the Secretary General to the Greek and Turkish Cypriots at the end of March. Over the previous two plans the first, in January 1985, was rejected by the Greek Cypriots, and the second, in April 1985, by the Turkish Cypriots. The two sides were reportedly given until this week to respond to the present plan but this deadline now seems unlikely to be met, at least by the Greek Cypriots.

The three documents appear very similar, all sketching out the setting up of a bi-zonal federal republic in Cyprus with a Greek Cypriot President and a Turkish Cypriot Vice-President. The differences, however, are on how the state should be organised and run, as well as on prescribed procedure for working out remaining details in order to arrive at a comprehensive settlement, to have failed in the first two cases to prove acceptable to both sides.

Human rights groups meet

UNOFFICIAL Western human rights groups monitoring compliance with the Helsinki Final Act yesterday received a message of support from President Ronald Reagan while representatives of the 35 Helsinki signatory nations were preparing for the opening Tuesday of an official conference designed to improve "human contacts" between East and West, AP writes from Bonn.

In his message, Mr Reagan hailed the unofficial groups' efforts as a "tribute to the catalytic effect of the Helsinki process on the human rights community." Mr Reagan said he shared the groups' "deep commitment to the vigilant defence of human rights throughout the world."

Soviet test ban a 'setback'

By Patrick Cockburn in Moscow

THE SOVIET UNION has suffered a military setback as a result of its eight-month moratorium on the testing of nuclear weapons but this was balanced by political gains, Marshal Sergei Akhromeyev, the Soviet chief of staff, said yesterday.

He said that the Soviet Union plans to resume its nuclear weapons testing following the US nuclear-blast ban in the Nevada desert last Thursday. Moscow had already announced that its moratorium has ended.

Marshal Akhromeyev told a Press conference: "The political gains in the struggle for a halt to nuclear testing, for limiting the arms race, were greater than the purely military setback we suffered. He did not elaborate on the damage to the Soviet nuclear testing programme which he said would now resume.

The Soviet Union will return to its ban on nuclear testing if the US agrees to do likewise, said Mr Georgy Korniyenko, Soviet First Deputy Foreign Minister, adding that the eight-month moratorium had focused attention on the issue of testing.

He went on to say that experts believed that the best way to eliminate nuclear weapons was to have a total ban to test so nuclear systems already in the inventories would not be upgraded, and it would become virtually impossible to develop new ones.

Although disappointed by the failure of the moratorium to elicit any response from the US, Soviet foreign policy specialists feel that they have taken the political initiative even if they have made no diplomatic gains.

Yugoslav war crime trial

AN 86-YEAR-OLD extradited from the US, Mr Andrija Artukovic, went on trial for war crimes yesterday and appeared to doze as the prosecutor read an indictment accusing him of ordering the slaughter of thousands during World War II, AP reports from Zagreb.

Mr Artukovic, former Interior Minister of the Nazi puppet state of Croatia, faces a maximum penalty of death by firing squad if convicted. The trial is expected to run to April 30.

Mr Artukovic was flown here February 12 from the US, where he had lived for nearly 40 years. American courts ruled that he had entered the country under a false identity.

"The accused's crime, both in scale and in gravity, places Andrija Artukovic in the ranks of the greatest and most notorious war criminals, whom mankind has condemned in trials at Nuremberg and elsewhere," said the prosecutor.

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EUROPEAN NEWS

OECD warns Denmark over trade deficit

By Kevin Done, Nordic Correspondent in Stockholm

THE continuing heavy deficit on the current account of the Danish balance of payments poses a threat to the credibility of the country's medium-term economic strategy according to a report from the Organisation for Economic Co-operation and Development (OECD).

Norwegian labour dispute likely to be settled soon

By Fay Gjester in Oslo

AN EARLY solution to one of two major Norwegian labour disputes seemed likely yesterday. This follows resumption of talks between on-shore union and employer organisations, under the auspices of the official arbitrator, Mr Bjorn Haug.

Opec set to halt move to fix output

By Richard Johns in Geneva

THE Organisation of Petroleum Exporting Countries (Opec) is expected to abandon any attempt here at setting output levels for members for the second quarter of 1986 and to start concentrating, instead, on agreeing a share-out of likely demand in the second half of the year.

REACTION TO LIBYAN CRISIS

EEC political co-operation tested

By Quentin Peel in the Hague

THE emergency meeting of EEC foreign ministers called in The Hague yesterday to forge a common position on the Libyan crisis represents further reinforcements of political co-operation in the Community.

Trans World Airlines is cancelling flights on the Cairo-to-Athens-to-Rome route that was struck by terrorists two weeks ago, an airline spokesman said yesterday.

Swedish leader visits Moscow

By Patrick Cockburn in Moscow and David Brown in Stockholm

THE Swedish Prime Minister, Mr Ingvar Carlsson, arrived in Moscow yesterday for meetings with Soviet leaders in an effort to improve relations between Sweden and the Soviet Union which have cooled in recent years.



Mr Ingvar Carlsson

Haiti pursues Duvalier funds in Switzerland

By William Dufforce in Geneva

HAITI, following the example of Philippines, has asked the Swiss Government to ease the recovery of assets with Swiss banks belonging to its deposed President Jean-Claude Duvalier and his family.

Libyans receiving Soviet military aid

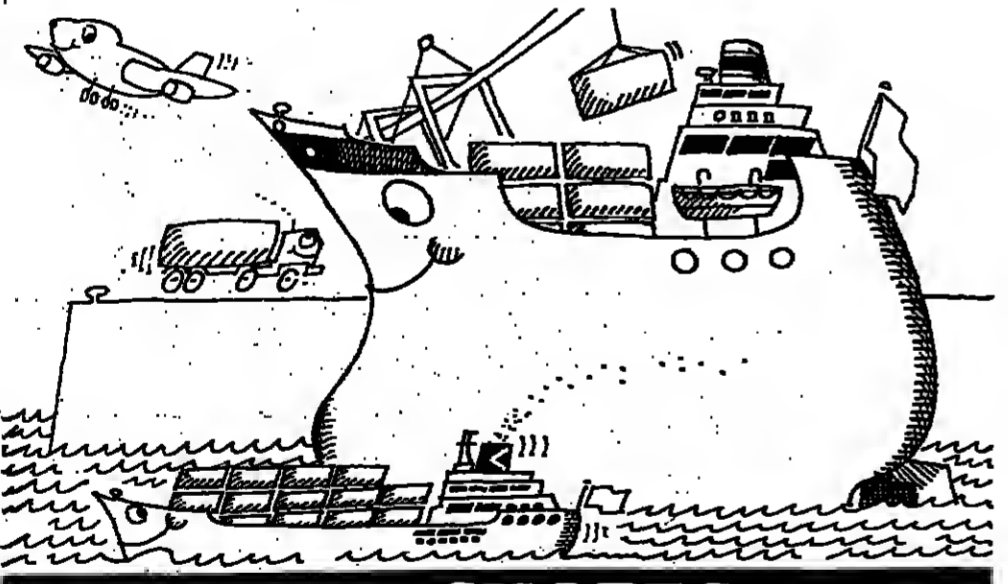
By Patrick Cockburn in Moscow

THE Soviet Chief of Staff, Marshal Sergei Akhromeyev, told a Press conference in Moscow yesterday that the Soviet Union was giving military assistance to Libya but said it would be counter-productive to give details of Soviet military aid.

Hungary's trade problems mount

By David Buchan

HUNGARY'S deteriorating hard currency trade balance and wage inflation this year, have led a senior Politburo member to warn that all the gains of the early 1980s may be wiped if the 1986 performance is not better than last year's.



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China needs further import cuts to meet trade goal

BY ROBERT THOMSON IN PEKING

CHINA'S trade growth slowed significantly in the first quarter of this year, but further cuts in imports will be necessary in coming months if the country is to meet its goal of a fall in total trade in 1988.

The Ministry of Foreign Economic Relations and Trade (Mofert) reported exports of \$5.87bn (£4.1bn) in the first quarter, a 13.6 per cent increase on the same period in 1987. The ministry refused to reveal import figures for the same period and only noted that total trade volume rose 6.3 per cent.

Mofert confirmed, however, that China's oil exports in the first three months of this year, which last year amounted for about 25 per cent of export income, fell 30 per cent in the first three months.

Chinese officials had predicted a small decline in oil revenue in the wake of the oil price slump.

The ministry said imports of raw materials rose sharply, with rolled steel increasing by a third and timber imports jumping by 37.5 per cent, while motor vehicle imports were cut by 50 per cent and consumer goods by two-thirds.

Export increases were said to have been recorded in agricultural products, textiles, chemicals and light industrial goods, while Chinese leaders have been recommending to visiting leaders as "a good buy."

The state plan calls for a total trade volume this year of \$65.8bn, down on Mofert's valuation of 1987 trade at \$66.21bn, and well down on the State Statistical Bureau's 1985 estimate of \$69.79bn.

It already shows a trade deficit last year of \$7.8bn, according to Mofert, while the Customs Ministry estimated a deficit of almost double that.

If the state plan is met, tougher import restrictions will have to be introduced in coming months. The State Economic Planning Minister, Song Ping, has already warned that China will "ban the import" of products that can be made domestically.

W. Germans win DM 125m coal facility contract

BY RUPERT CORNWELL IN BONN

PHB Weserhütte (PWH), the West German bulk handling company, has won a DM 125m (£32m) contract to supply a complete coal transfer and loading facility, as part of the Chinese Government's plans to expand the port of Qin Huangdao, to the east of Peking.

The order, which PWH claims to have won against fierce competition from Japanese suppliers, is believed to be the largest important contract placed by the Chinese to be financed entirely out of Peking resources without the aid of foreign export credits.

Work on the facility will be carried out by the end of 1988, by PWH and its local partner, the China Harbours Engineering Company (Chec).

The coal will be shipped from Qin Huangdao to the industrial region in the south around Shanghai, where PWH is already installing a continuous coal unloading facility.

PWH said it will be taking a "substantial stake" in a new joint venture company, due to be set up and with headquarters in China.

The company will work on projects for harbour loading and materials handling in China and abroad. Its partners will be Chec and the Ministry of Communications in Peking.

The West German Reconstruction Loan Corp said it is lowering interest rates charged for loans taken out under its export financing programme.

Interest rates on contracts worth up to DM 105m will be lowered to 6.77 per cent from 7.01 per cent with effect from today. Rates on contracts worth more than DM 105m will be lowered to 7.62 per cent from 7.87 per cent.

Peking offers Washington satellite launch services

BY DAVID DODWELL IN SHENZHEN, CHINA

CHINA RECENTLY sent a delegation to the US offering satellite launching services, Cheng Liangchang, Vice Minister of the Astronautics Ministry, revealed in Shenzhen.

The visit came shortly after the space shuttle disaster which has brought a temporary but damaging halt to America's satellite launch programme.

In February, China's Astronautics Ministry made a major commercial breakthrough when it signed an initial agreement with Sweden to launch one of its satellites, and talks with other governments are in progress. China has launched 18 civilian satellites of its own from its main launch site in Sichuan Province.

Vice Minister Cheng was speaking in Shenzhen at China's first high-technology fair aimed at exporting the civilian applications of its defence industry system.

Promotion of China's satellite launching services, using its Long March II and III rockets played a prominent part in the fair.

The drive to export sensitive military-linked equipment comes almost two years after Deng Xiaoping, China's octogenarian leader, announced major cuts in military spending and ordered arms manufacturers to shift into civilian production.

The 10-day technology fair in Shenzhen, the Special Economic Zone adjacent to Hong Kong, is being attended by ministers from all China's defence industry ministries.

Such strong political backing is thought to signal fresh endorsement from Peking of the experimental economic policies being followed in Shenzhen.

This follows criticism that it was harbouring currency speculation and black marketing, and was emphasising property development and trading rather than manufacturing for export.

The attack on Shenzhen, the largest of China's four special Economic Zones, was seen as a challenge to China's open door economic policies.

Coinciding with the fair, Gu Mu, China's State Councillor responsible for Special Economic Zone development, said in Peking that Shenzhen had boosted exports from 33 per cent to 43 per cent of industrial output between 1984 and 1985.

He said Shenzhen had, with other zones, attracted \$6bn (£4.2bn) in investment in 1985 - twice the amount of 1984.

The technology fair is promoting the products of more than 390 Chinese corporations.

Bulgaria minister attacks CoCom curbs on trade

BY PATRICK BLUM, RECENTLY IN SOFIA

BULGARIA'S foreign trade in the next few years will grow sharply with its Comecon partners, but its trade with the West could remain seriously inhibited by restrictions on exports of sensitive technologies to Communist countries, Mr Hristov, the Trade Minister, says.

Co-operation with Western companies is hindered by protectionist measures and a "policy of embargo," Mr Hristov said. "We want to buy high technologies and up-dated equipment, but if we can't get them, we'll develop them ourselves in co-operation with our Comecon partners."

He attacked the policies of the Paris-based Co-Com which vets technology transfers to communist countries.

Bulgaria desperately needs to modernise its telephone network, and it has been negotiating for some years with several West European and Japanese companies over a new exchange for Sofia, the country's capital. Co-Com objections have, until now blocked the sale.

Bulgaria's trade with Comecon will grow by about 40 per cent during the current five-year plan (1986-1990), rising to Roubles 100bn (£88bn) including trade worth Roubles 70bn with the Soviet Union, Mr Hristov said.

He added that Bulgaria's new five-year plan would offer considerable opportunities for Western companies but that the growth of trade with the West would depend on the East-West political climate.

Despite the restrictions, Mr Hristov saw hopeful signs in trade with the West. Trade with non-Socialist countries reached a record level last year, rising from Lev 5.7bn (£4bn) in 1984 to Lev 6.4bn last year. West Germany remains Bulgaria's largest trading partner in the West. Britain has moved to second position after a sharp growth in exports to Bulgaria.

The growth of trade, however, left Bulgaria with its first trade deficit with the West for the past five years.

Bulgaria's total trade rose 7.4 per cent last year to Lev 27.7bn with a 5.5 per cent increase in exports and a 9 per cent increase in imports. The Comecon countries accounted for 75.5 per cent of trade.

Irish leasing group in \$225m US jets deal

By Michael Donoh, Aerospace Correspondent

IRISH AEROSPACE, the aircraft leasing company jointly owned by GPA Group and McDonnell-Douglas of the US, has arranged a \$225m (£160m) 12-year credit for the purchase of 12 McDonnell-Douglas MD-83 twin-engine jet airliners.

The aircraft will be delivered over the next year. The cash is being provided by 10 major banks from North America, Europe and Japan.

Lead-managers are Bank America Capital Markets Group, Bankers Trust, Morgan Guaranty Trust of New York and National Westminster Bank.

Other participants are the Long-Term Credit Bank of Japan, Mitsubishi Trust and Banking Corporation, Toronto Dominion Bank, Amsterdam-Rotterdam NV, Chase Manhattan Bank, and Security Pacific National Bank.

Irish Aerospace was formed in 1984 by GPA and McDonnell-Douglas to provide world-wide operating leases of the MD-83 aircraft. So far, Irish Aerospace has bought 19 of these aircraft, holds options on six more, and is negotiating for another 15.

The company has leased five of its 1986-delivered aircraft in the Caribbean and the US.

Zambia acts to restore trade credibility

BY PATTI WALDMEIR IN LUSAKA

THE ZAMBIAN Government, which is implementing one of the toughest economic reform programmes in Africa, is taking steps to clear a \$430m backlog of short-term external debt arrears. The aim is to restore the country's damaged credibility with its international trading partners and prospective investors in Zambia.

The Bank of Zambia, the central bank, is proposing to settle some 40,000 claims in the so-called "pipeline" of short-term arrears, some of which date back to the late 1970s. It will issue promissory notes for the larger items while making direct repayments of the vast number of smaller trade claims involved as well as personal remittances owed to individuals.

Government's commitment to tackle the arrears after several years of inaction comes when the country is going through its worst economic crisis since independence in 1964. The external payments situation is perilous: without rescheduling, debt service due in 1988 would consume a crushing 83 per cent of export earnings.

The Bank of Zambia's plan for dismantling the pipeline was published in preliminary form last month and formal offer documents are due to go out in May. The plan is part of an IMF-supported economic reform programme aimed at restructuring the economy, currently dependent on copper and cobalt exports for 95 per cent of hard currency earnings.

Dr Kenneth Kaunda, the Zambian president, has recently replaced the economic team which drew up the reform programme, reshuffling his minister of finance, central bank governor and presidential economic adviser. Government officials stress, however, that the motive of the reshuffle was political and that they expect no major changes to the programme.

Foreign private investment in agriculture could play a major role in the recovery effort, but Zambian officials concede that investors will inevitably be put off by the Bank of Zambia's failure so far to remit foreign companies' legitimate profits and dividends which have been blocked in the pipeline.

To deal with this problem, the Bank of Zambia and its advisers, UK merchant bank Morgan Grenfell and Co, and accountants Peat Marwick Mitchell and Co have devised a plan involving the issuance of US dollar-denominated promissory notes. The terms of the offer to pipeline creditors, which have yet to be finalised, are expected to be:

- Early next year, promissory notes are to be issued with maturities spread over a nine-year period from 1988. The notes will be issued for the principal amount of "pipeline" debt (subject to reconfirmation against commercial bank records in a database set up by the advisers). The notes will carry a single maturity date determined by the date debt entered the pipeline, on a first-in-first-out basis. Interest will be paid at 5 per cent per annum for the period from the date of note issue to the date of repayment.
- A large number of smaller claims, of under \$3,000 to \$4,000, are to be settled in full in 1987 (no notes will be issued). The advisers estimate that up to half of the total number of trade creditors fall into this category.
- Personal remittances, which include such items as end of



President Kaunda... plan expected to stay on course

contract gratuities, are to be cleared beginning in 1987. The aim is to repay all such creditors by the end of 1989 on a first-in-first-out basis.

Officials say that although they do not expect any major changes in the offer with the appointment of a new Bank of Zambia governor, Dr L. S. Chivuno, in the recent reshuffle, it could lead to a delay in the despatch of offer documents.

Zambia's advisers estimate the total pipeline at \$430m, but this excludes more than \$100m in overdue letters of credit owed to international banks which are not covered by the central bank's proposals. Had Zambia agreed to pay interest on the arrears from the original maturity date, rather than from the date of note issue, the country would face a total short-term arrears backlog, including bank debt, of some \$700m, say economists.

Zambia's projected foreign exchange revenues would not allow payment of full promissory interest, says the Bank of Zambia. But local bankers and businessmen say there must be serious doubts over whether the bank can meet even the more limited repayment schedule, involving some \$40m per year over the next decade. Much will depend on whether a \$300m rehabilitation programme for the mining industry succeeds in boosting output.

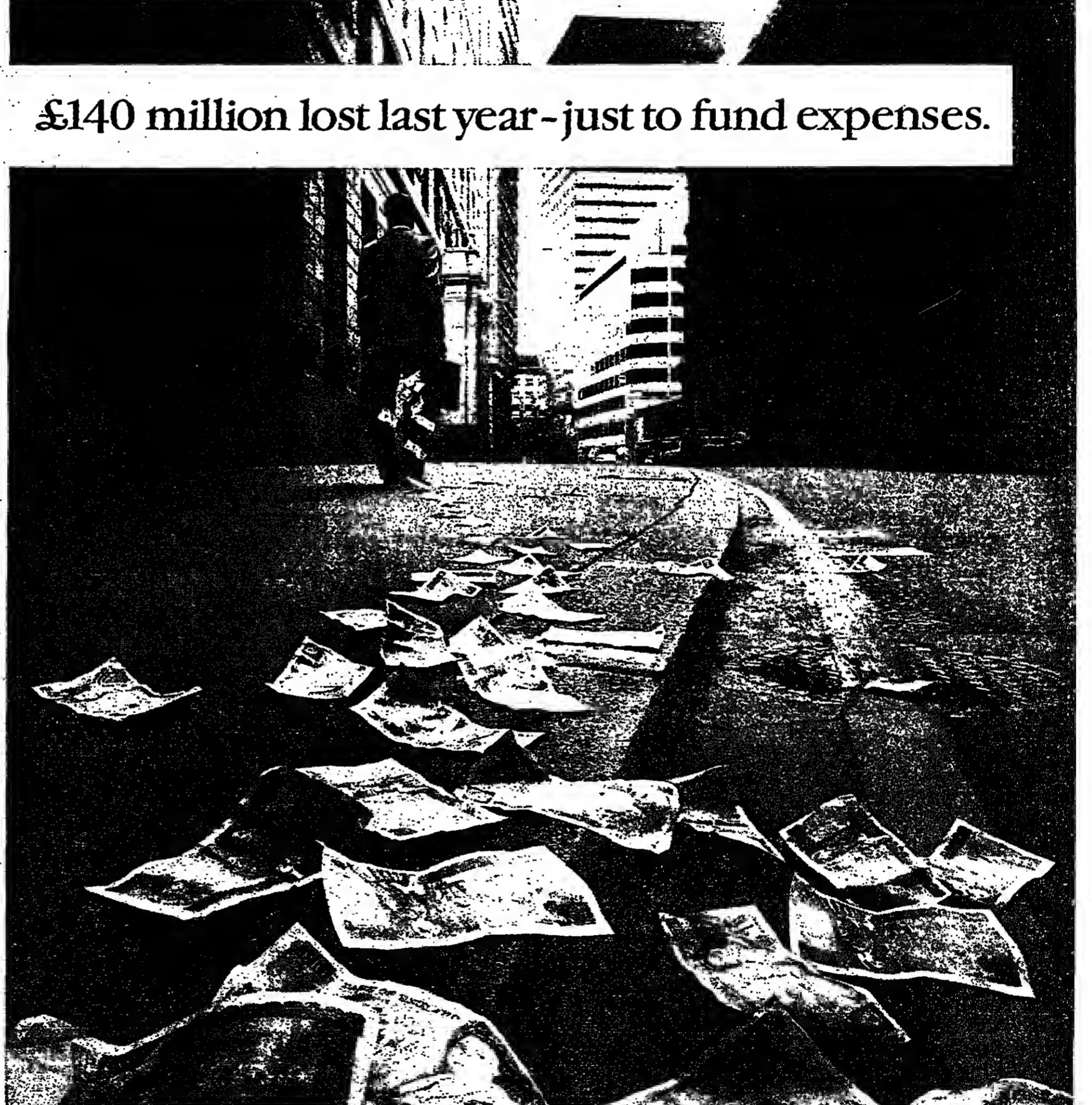
According to Bank of Zambia officials, the precarious nature of Zambia's external payments position makes a firm commitment to a repayment timetable impossible.

Government officials admit that any failure to issue the notes as planned or to repay them on time would do little to improve the country's poor international reputation.

But, according to bank officials, the pipeline creditors are aware of the constraints Zambia faces and have reacted well to preliminary soundings on the proposed offer.

Morgan Grenfell also reports a positive creditor response but UK merchants bankers Lazard Bros, which represents 18 major creditors holding some \$30m in claims, have strongly criticised the offer on the grounds that its terms are worse than those agreed recently with the "Paris Club" of creditor governments.

It is understood that there will be at least two other options for pipeline creditors who do not opt for the note issue: creditors willing to accept a heavy discount of around 3:1 may still be able to arrange settlement on a case-by-case basis through their commercial bank and the Bank of Zambia and re-invested pipeline funds will continue to attract benefits. These include the possibility that funds can be withdrawn for re-investment at a much more favourable exchange rate than when the debts entered the pipeline.



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UK NEWS

City self-regulatory bodies to be refused exemption from law

BY BARRY RILEY
 THE GOVERNMENT intends to reject requests by self-regulatory organisations (SROs) for general exemption from litigation on the basis to be enjoyed by the new top regulatory body for the investment markets, the Securities and Investment Board (SIB).
 Mr Michael Howard, a junior minister at the Department of Trade and Industry who is guiding the Financial Services Bill through Parliament, said yesterday that it would be "a very serious step to take to interfere with the normal workings of our law."
 SROs, led by the international dealers' body Ifo, have been pressing for immunity, and have threatened that it may be difficult to persuade market practitioners to be members of SRO councils if they are faced with the possibility of legal action, for instance for negligence or malice.
 There was no case for giving complete immunity to SROs against suits from the public, Mr Howard argued. As for actions by members of the SROs, it ought to be possible to make it a condition of membership that members had to undertake never to sue their SRO.
 Mr Howard added, however: "There are specific aspects of this question which do warrant careful consideration. It may be that I will be able to take some steps which meet at least some of the concerns of the SROs."
 But he made it clear that he was unwilling to treat SROs in the same way as the SIB, which as a designated agency would be at the core of the new regulatory system and was in a very exceptional category.
 Mr Howard was also negative about pressure from some SROs to include a definition of professional investment status in the bill.
 He was not convinced about the need to include this definition in the legislation, rather than leave it to be spelt out in the rule-books of the SROs. But he was fully aware of the need for professional markets to be regulated in a different way from markets in which ordinary members of the public were involved.

Tory campaign against Labour spending plans

BY PETER RIDDELL, POLITICAL EDITOR
 A CONSERVATIVE Party poster campaign attacking the Labour Party's public spending plans is being launched today and tomorrow at about 250 sites throughout Britain.
 The campaign, authorised by Mr Norman Tebbit, the Conservative Party chairman, will be seen as direct evidence of his recent remarks that for him the general election campaign has started.
 The 6m by 3m poster shows a finger pointing at the viewer with the caption: "Labour plans to spend an extra £24m a year. Guess who would pay? Readers are invited to write for further information to Mr Tebbit."
 A Conservative Party statement said yesterday: "Labour has tried unsuccessfully to wriggle out of the shattering effect of its spendthrift programme. But the truth is that they have been rumbled."
 Mr Tebbit had authorised the poster to emphasise "the serious consequences of Labour ever having the opportunity to put its plans into effect."
 The Labour leadership has repeatedly challenged the estimate that its plans would cost £24m a year, as estimated by Mr John MacGregor, Chief Secretary to the Treasury.
 It has argued that Labour's detailed spending proposals have been carefully costed within a disciplined framework.
 The poster was designed by Tory Party advisers Saatchi and Saatchi and is similar to those produced before the 1979 and 1983 general elections.

Disciplinary hearing on journalists' leaders

BY HELEN HAGUE, LABOUR STAFF
 THE EXECUTIVE of the National Union of Journalists yesterday decided by one vote not to instigate immediate disciplinary proceedings en masse against nearly 600 journalists who are working inside News International's plant at Wapping east London in defiance of a union instruction.
 However, it also set up a panel to hear disciplinary complaints already laid by the union's London freelance branch against the four NUJ fathers of chapel (shop stewards) inside the plant.
 The executive voted 13-12 to keep a call for it to "bring" complaints against Wapping journalists under the union's disciplinary rule 18 "on the table."
 The decision was reached after a three-hour debate. The executive then voted by 13-11 to establish a committee from its ranks to hear complaints against the chapel fathers at The Times, The Sunday Times, the News of the World and The Sun, which have already been sanctioned by London freelance branch.
 The bulk of News International journalists have reported for work at the Wapping plant since the company switched production of its titles there, and dismissed 5,500 printers 2½ months ago. They have not heeded the union's call to respect NUJ picket lines set up after a handful of journalists was dismissed by the company after refusing to go to Wapping.

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Mercury hopes to avoid a prices war with BT

By Jason Crisp

MERCURY COMMUNICATIONS' dialled telephone service which comes into operation next month will undercut British Telecom by between 1 and 24 per cent on call charges.

Mercury, a subsidiary of Cable & Wireless, which has invested nearly £150m in telecommunications network, hopes to capture 5 per cent of Britain's telephone traffic by 1990 when it is expected to be worth over £2bn. Initially, the service will be available to about 80 per cent of the population.

Mr Gordon Owen, chief executive of Mercury, said he did not expect the new tariffs announced yesterday would cause a price war with British Telecom. He said BT stood to lose far more from price-cutting than it would from Mercury's competition.

Next month large telephone users can apply for Mercury lines which will cost more to install and rent than BT's but will have lower call charges. Later this year, small companies and then residential customers will be able to use Mercury for trunk and international calls by dialling into its network using an ordinary BT line.

Mercury claims that customers directly connected to its network will save an average of 20 per cent

on trunk calls from London and 24 per cent outside London.

International call charges to most destinations will only be 1 or 2 per cent below BT except to the US, Canada and Hong Kong where the maximum discount will be 17 per cent. Discounts for those dialling Mercury via BT are about 5 per cent less.

Mercury claims its digital communications and modern exchanges mean it will be able to offer a better service than BT as well as a cheaper one. For example, it is offering free itemised billing which details the time, duration, charge and number called. BT can only offer this in a few areas.

Mercury will not be cheaper for local calls - which it is trying to discourage - and will charge 70p for directory enquiries. Most people will use BT's inquiry service which, if slow, is free for the time being.

To date, Mercury has spent between £130m and £150m building a sophisticated, modern trunk telephone network which uses a combination of optical fibre, digital exchanges, microwave and satellite communications.

While BT uses similar equipment, it is hampered by its heritage of inefficient old technology used in most of the network and its high overheads.

Mercury customers in the City of London will have cheaper rentals than those elsewhere but its customers outside the London area should benefit from slightly greater discounts on call charges.

The reason is that Mercury has an optical fibre local network in the City - the most profitable telecommunications market in the country.

Not only is Mercury very anxious to attract City customers - with a high proportion of profitable international calls - but it is also cheaper to make the connection. Outside the City, Mercury will need a more expensive microwave link between the customer and its network.

In September, Mercury will launch a service for business which does not require a special line. Instead, customers will dial the Mercury network on a BT local line. Mercury will carry the call on its trunk network before handing it back to BT for local delivery. This will be cheaper than Mercury's direct line service but will still undercut BT.

The customer will rent a special "black box" which is attached to their exchange to take the chore out of using two networks. This will automatically dial the Mercury network, give the identity number for billing and then dial the number required.

Sterling M3 change overdramatised, says Bank Governor

By Philip Stephens, Economics Correspondent

MR ROBIN LEIGH-PEMBERTON, Governor of the Bank of England, yesterday sought to dispel any concern that the downgrading of the broad money supply target, sterling M3, marked a relaxation of the Government's anti-inflation resolve.

Giving evidence to the House of Commons treasury and civil service committee on last month's budget, he said technical changes in the operation of monetary policy had been "overdramatised".

The target for sterling M3 was suspended last autumn and re-instated for a year in the budget with a much lesser range than originally intended.

"I wish to make it quite clear that there has been no change - either in the course of last year or in the budget - in our general approach, whether in relation to the aims of policy or its implementation," he said.

The Governor also indicated that the rapid growth rate of sterling M3 did not necessarily preclude further reductions in interest rates in so far as these were consistent with continued downward pressure on inflation.

Mr Leigh-Pemberton was forecasting a planned speech by Mr Nigel Lawson, Chancellor of the

Japan pressed for give-and-take deal on securities licences

By Barry Riley

THE GOVERNMENT might bring forward the implementation of the controversial reciprocity clause in the Financial Services Bill in order to put further pressure on the Japanese authorities to give licences to British securities firms.

Mr Michael Howard, Minister for Corporate and Consumer Affairs at the Department of Trade and Industry, said yesterday that clause 151 of the bill, which gives the department powers to disqualify or restrict firms from countries that do not offer reciprocal opportunities to British investment, businesses, could take effect before the rest of the bill.

This might mean that clause 151 could become effective before the end of this year, whereas the rest of the bill is likely to come into force some time during the first half of 1987.

The clause, in a miscellaneous section of the bill, is separate from the main body of legislation which deals with the regulation of markets.

Further talks on British access to Japanese financial markets are likely towards the end of May when Japanese officials are due in London to discuss international regulatory issues. "I would hope never to use clause 151," said Mr Howard, "but it is there to assist us in negotiations."

After talks involving Mr Howard in Tokyo at the beginning of this month it was agreed that two British banks, Baring Bros and Country Asia Securities (an associate of National Westminster), would shortly receive Japanese securities licences

for a banking licence in London. But at least three Japanese securities houses have had their applications for membership of the London Stock Exchange held up pending progress on the issue of access by British firms to Japanese financial markets.

Mr Howard said that this was a matter for the stock exchange. But the stock exchange would no doubt wish to take into account the existence of the reciprocity clause, and the consequent possibility that Japanese member firms could be disqualified from trading in the UK.

Mr Howard yesterday made it clear that the recent deal represented only the first stage of protracted negotiations between the two countries. "We've got things that they want and they've got things that we want," he said.

EUROPEAN TRADED OPTIONS

Tuesday-Wednesday-Thursday-Friday

Only in the Financial Times

New paper planned for London

By Raymond Snoddy

THE CHEQUEPOINT finance group, which runs retail foreign exchange businesses in five countries, plans to launch a new London evening newspaper before the end of the year.

The paper, with a working title of The London News, would be a colour tabloid aimed at a younger readership than the London Standard, currently the capital's only evening newspaper.

Mr Alastair Holberton of Barclay Administration, which co-ordinates the activities of Chequepoint's holding company Inver Trust, yesterday said plans for a new London newspaper were "well advanced".

The annual turnover of Chequepoint was \$150m a year.

Chequepoint announced its plans yesterday after Mr Bert Hardy, chief executive of the London Standard, referred to the project at a conference in Paris last week.

At the same conference Mr John Winnington Ingram, managing director of Associated Newspapers' newspaper interests said Associated was reviewing the possibility of reviving the London Evening News.

Mr Rupert Murdoch's News International has plans for a new evening London Post but these have been pushed to the background by the transfer of existing titles to Wapping, in London's docklands.

Chequepoint, whose chairman is Mr Felix Grovit, publishes London Week, a weekly newspaper for tourists, and the Marbella Times in Spain.

Mr William Thomson, chief executive of The London News project, said detailed planning had been underway for two years. A contract for weboffset printing presses would soon be placed with Rockwell-Goss and the company was negotiating with Xenotron for an electronic newsroom system.

The aim would be to produce between 300,000 to 500,000 copies six nights a week.

The plan for new printing plant in central London implies that Chequepoint may also be considering launching another national daily as well as a London evening.

The tense contest for the loyalty of readers of the racing press gets under way today with the launch of the Racing Post.

The race pits Robert Maxwell's broadsheet the Sporting Life, against the tabloid owned by the Maktoum brothers of Dubai, who have invested heavily in British bloodstock.

Australian group buys radio stake

AN AUSTRALIAN television company Darling Downs Television Queensland has bought a 50 per cent stake in London Broadcasting Company (LBC) from Selkirk Holdings of Canada, Raymond Snoddy writes.

The Australian company has bought all the UK commercial interests of Selkirk, including 30 per cent of Beacon Radio in Walsingham, 30 per cent of Radio North in Edinburgh and a 15.4 per cent stake in Radio Victory in Portsmouth which loses its franchise at the end of this year.

Although Darling Downs has bought 50 per cent of LBC's shares, it will have only 40 per cent of the voting rights. Independent Broadcasting Authority (IBA) rules say commercial broadcasting operations in the UK have to be controlled by interests from the EEC.

Other major shareholders in LBC are the Associated group, Charterhouse and Home Counties Newspapers. LBC also has operational control of L2, the commercial radio news service although it is paid for by subscriptions from the other local commercial radio stations.

EMPLOYEES in the north-west of England are most likely to face claims for equal pay for work of equal value, according to a study by Incomes Data Services, the independent research group.

It also suggests that the white-collar union Apex is the union most likely to lodge claims and pursue them through industrial tribunals, rather than through negotiation.

MR JAMES MILNE, secretary general of the Scottish Trades Union Congress, died yesterday only a few days before he was to retire. He was 63.

Mr Milne was one of the leading campaigners to preserve and expand Scottish industry. As whole sectors of manufacturing industries such as shipbuilding, steel, engineering and mining dwindled in Scotland, Mr Milne led protests, warned of the social consequences and called for revitalising of investment.

SCBUTINY of the workings of the commercial court is being undertaken as part of the Lord Chancellor's review of civil justice.

Coopers and Lybrand Associates has been appointed to try to identify the main causes of delay, cost and complexity in the handling of commercial cases. Last year 1,870 writs were issued compared with 1,049 in 1980. The court handled 130 trials and 4,400 interlocutory applications.

A VOTE was to take place in the House of Commons early today on the shops bill which paves the way for general shop trading on Sundays in England and Wales.

Mr Douglas Burd, the Home Secretary, offered a series of concessions to Conservative opponents of the bill in an attempt to head off what looked like being the biggest backbench revolt of the present Parliament.

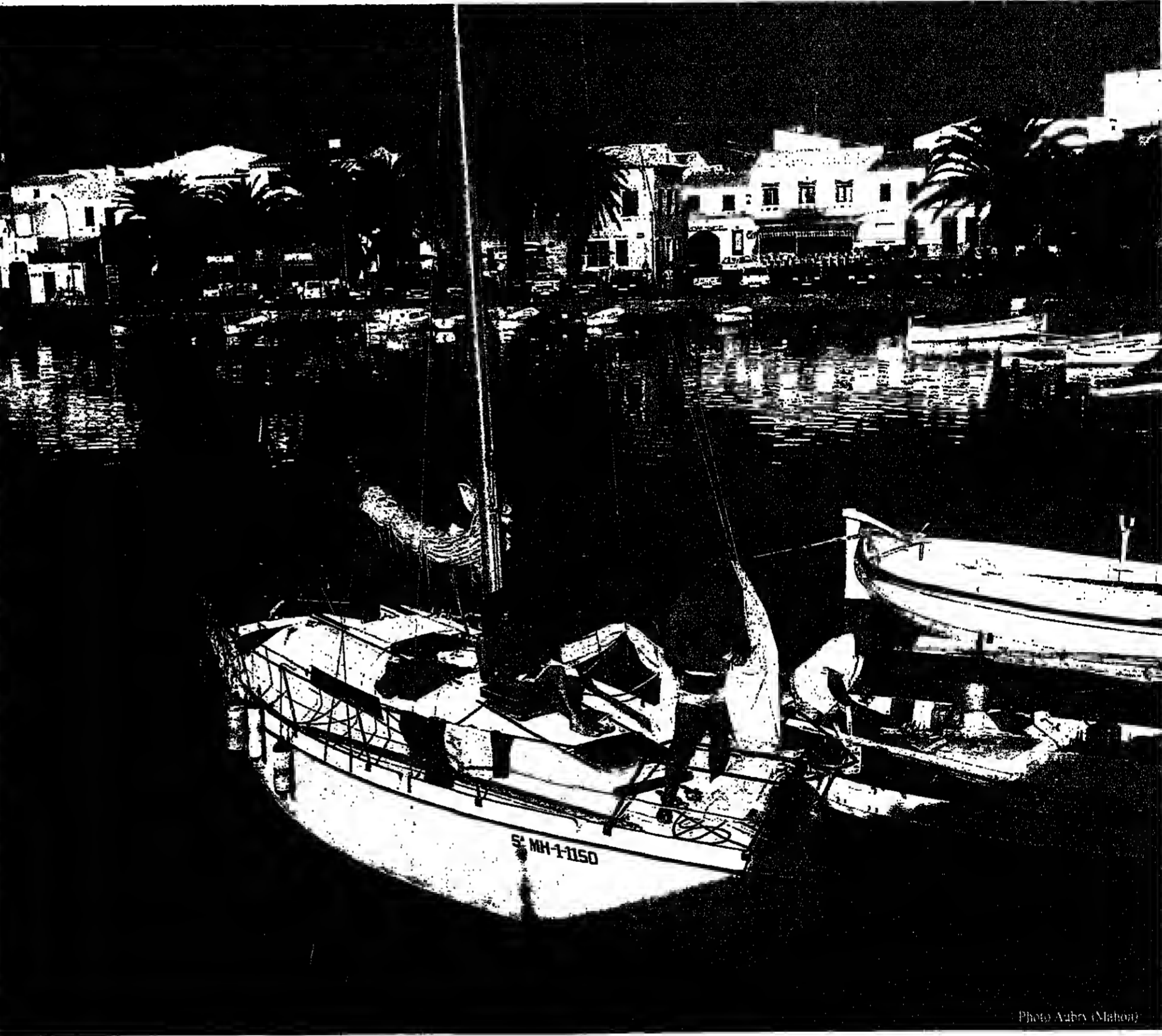


Photo: Aubrey Mahon

Rush hour in Menorca.

Dusk is falling. In this small village on the island of Menorca, the moment when the sun slips down between the gentle hills signals the start of rush hour.

But you have to really look to notice it. Some fishing boats are tied up in the small harbour which is the center of village life. Ten or twenty people come there for different reasons: to welcome the fishermen, to buy at low prices the world's freshest fish, or just to wander around.

The spectacle may also include the peaceful arrival of a yacht, returning to port after exploring the small neighboring islands.

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But best of all, Menorca's small fishing villages are only an example of what rush hour is like in a thousand villages in Spain.

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Hanson Trust offer for Imperial.

The United Biscuits offer for Imperial has now lapsed. The Hanson Trust offer is the only offer available and it next closes on Friday 18 April* at 3pm. To accept the Hanson Trust offer send in the green acceptance form.**

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Birmingham sets pace in bid for Olympics

By Arthur Smith, Midlands Correspondent

THE MOMENTUM for Birmingham to overcome international competition to host the 1992 Olympic Games is gathering pace, Mr Denis Howell, president of the Birmingham Olympic Committee, said at a press conference in London yesterday.

He was unveiling the city's three-volume bid document, weighing nearly 14lb and detailing why Birmingham should be chosen when the 91 International Olympic Committee delegates meet in Lausanne, next October to make the final decision.

Birmingham is challenging the acknowledged front-runners, Barcelona and Paris, for the 1992 Games. Also competing for the honour are Brisbane, Amsterdam and Belgrade.

Barcelona has bid three times to host the Olympics. But it was not until April last year that the Labour-controlled Birmingham City Council called in consultants Ove Arup to investigate the technical and economic possibilities offered by Britain's second city.

Birmingham's advantages of location and facilities - particularly the National Exhibition Centre, which is able to house 10 indoor Olympic sports - put it ahead of Manchester and London to carry Britain's hopes.

Mr Howell, a former football referee, Labour Party minister and sports politician, insisted yesterday that no one could have any idea who would win the competition for the 1992 Olympics.

It was a secret vote by the International Olympic Committee and he was putting as much effort into the campaign as he would to retain his present Birmingham parliamentary seat. The only difference, he suggested, was that in the British Parliament there was a limit upon expenses: Birmingham plans to spend some £125m on promotion, compared with £12m by Barcelona.

Mr Howell maintained that, regardless of promotion, Birmingham had natural geographic advantages. The National Exhibition Centre, with the planned adjacent stadium and Olympic village, meant that more than half the athletes would be competing within a central complex.

Birmingham, a city famous for its municipal enterprise, maintains that it will at worst break even by staging the Olympics.

UK NEWS

Manufacturers investing in automation 'far too slowly'

By Nick Garnett

FINANCIAL TIMES CONFERENCE

Automated Manufacturing

BRITISH MANUFACTURING companies were told yesterday that they were investing in automation far too slowly and did not generally understand the changes in financial accounting methods necessary to take correct decisions on automating their factories.

At the Financial Times fourth manufacturing automation forum they were also advised to explore the benefits of using much more specifically designed proprietary production technology, the industrial property rights of which are owned by the equipment user, rather than the supplier.

Survival for large parts of Britain's manufacturing industries depended on production automation but the promises of the 1970s had failed to materialise. Mr Trevor Broughton, director of manufacturing engineering at Rolls-Royce told the conference.

Expenditure on automation had been low and, with some exceptions, British factories tended to look the same as they did 10 years ago. Yet "survival means investing in automation," Mr Broughton said.

Prof Gordon Edge, group chief executive of P. A. Technology, told the conference that manufacturing companies must be prepared to invest in developing proprietary automation technology specifically suited to their own production requirements.

Mr James Brimson, vice-president for business development at Computer Aided Manufacturing - International, said companies in the West were struggling to understand how to manage technology. One of the symptoms of this difficulty was they did not understand their own cost structures.

Companies were examining the cost of integrated manufacturing using 1950s methods applicable to purchasing single tools and with accounting systems developed in the 1920s. "We are facing a revolution in how to look at things," he said.

Mr John Collins, director of manufacturing technology at TI Domestic Appliances, said the technical risk rested not in the technology itself but in its management.

Correctly introducing advanced manufacturing methods required fundamental changes in attitudes, including the breaking down of the separate baronial empires such as marketing, finance and production, so that manufacturing strategies could be discussed collectively.

Mr Mike Bright, chairman and managing director of Kearney and

Trecker Marwin, said the benefits of advanced manufacturing technology could be applied to 70 per cent of UK industry but there was much evidence that many companies, even major ones, were only just accepting the fact that advanced technology was the route to survival.

A study by the National Economic Development Office showed that companies should adopt a step-by-step approach at a pace they could absorb.

Mr Andrew Barr, managing director of Anstia Rover, said the introduction of advanced automation "partly depends on a company possessing a uniformity of technical excellence across the entire range of its operations. It is pointless having experts in the engineering department and at the point of production without a broad understanding of technology throughout the total structure of management," he said.

Mr John Towers, director and general manager of Peterborough Products at Perkins Engines, explained how his company which makes 400,000 engines a year took an integrated approach to manufacturing. This was based on a 10-year plan which included strategies on equipment technology and manufacturing facilities tied into the company's overall direction.

Mr Ivor Lewis, production director of J. C. Bamford Excavators, which has invested £20m in advanced manufacturing at its two British production sites, said a continuous process "mentality" had to replace stop-go attitudes when automated and integrated production systems were introduced.

The ethos of separate design and production engineering departments had also to be buried. Mr R. Sharpe, general works manager for the Dursley Diesels business of Lister Petter, said some of the hidden benefits of flexible manufacturing included the erosion of barriers between management on the shop floor, while hidden costs included more expensive training that the company had expected.

British Telecom places order for advanced equipment with STC

By Jane Rippeteau

STC TELECOMMUNICATIONS, a unit of Britain's troubled computers and telecommunications equipment company, has won a small but important contract to supply advanced telephone equipment to British Telecom (BT).

The equipment, including digital multiplexers, will permit customers to gain access to advanced services such as high-speed facsimile, colour picture and data transmission over a single existing telephone line.

Once installed in the BT network late next year, it will make possible an extension of BT's integrated digital access, or IDA, service to small and medium-sized business customers who want such capability but cannot afford to set up their own

private network by leasing lines from BT or Mercury.

IDA is BT's version of the so-called integrated services digital network that telephone operating companies in Europe, the US and Japan are now developing. The STC equipment is compatible with an international transmission rate standard designed to make such networks work across international boundaries.

STC's contract is the first of several that BT expects to award for similar access equipment. The market, including such products as multiplexers, which receive, repackage and transmit information, and network termination units,

which connect subscriber lines to the telephone network, could be worth as much as \$8bn worldwide over the next five years, according to Mr Philip Dobby, marketing director for STC's local transmission division, which will handle the BT contract. BT will not comment on the estimate.

STC views the sector as a replacement for its fading telephone exchange business. It currently supplies BT with equipment based on outdated analog technology, but it expects this £220m per annum revenue to dry up within five years as BT completes its conversion to more economical and efficient digital switching and transmission.

Strategy talks at Unity Trust

By Philip Bassett

TRADE UNION leaders are being called to a meeting this month to determine the development programme for Unity Trust, the trade union financial institution.

The move comes as the organisation announces marked increases both in its pre-tax profit and its operating balance sheet. Mr David Bassett, the trust's outgoing president, has called general secretaries of the organisation's original founder member unions to a meeting to discuss a medium and longer-term strategy for the trust.

Mr Bassett said that the organisation had already confounded the cynics and established a track record of which it could be proud. He will be succeeded in the post by Mr Ron Todd, general secretary of the Transport and General Workers' Union.

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The Argyll Offer for Distillers.

Value of the Argyll Offer:

744p

Current Distillers share price:

721p

Argyll higher by:

+23p

Argyll's offer closes at 3pm on Friday April 18.

Figures based on the market prices at 3.30pm on 14th April 1986. The above value is for Argyll's Final Increased Basic Offer and takes account of an entitlement by Rowe & Pitman, Panmure Gordon & Co and Scrimgeour Vickers of the value of the new convertible preference shares of Argyll. The value of the convertible preference shares of Argyll is estimated because they are not presently quoted. The convertible preference shares of Argyll were valued on the basis used by Guinness' advisors in relation to the new Guinness convertible preference shares, in the opinion of Rowe & Pitman, Panmure Gordon & Co and Scrimgeour Vickers: the new convertible preference shares of Argyll would be valued at some 6-6p higher at a price of 128-4p, thereby increasing the value of Argyll's Final Increased Basic Offer to 751p. Source: Published Accounts.

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Distillers' Shareholders. The Argyll Offer closes at 3 p.m. Friday April 18th.

The Argyll Offer values Distillers' shares at 744p - 23p more than their current market value. If you want to know why you should accept the Argyll Offer, call James Gulliver by dialling 100 and asking for Freefone Argyll Offer.

If you have any difficulties filling in your Acceptance Form, call the Argyll Helpline on (031) 556 7761 or (031) 558 1252.

If you have accepted the Guinness Offer, and now wish to withdraw, complete and return the withdrawal form. If you require assistance, or a new form, call the Argyll Helpline on (031) 556 7761 or (031) 558 1252 for advice.

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UK NEWS

Schoolboy 'shadow' for BR chairman

By Hazel Duffy

MARK ASHBY, an 18-year-old schoolboy, started work yesterday alongside Sir Robert Reid, British Rail chairman. He will spend five days shadowing the BR chief - which will include attendance at two top level management meetings - as part of an Industry Year exercise designed to give schoolchildren a glimpse of business in action.

Unless more executives participate in the scheme, however, Mark will be one of the few lucky ones. About 800 executives have put their names forward for the scheme, sponsored by the Department of Trade and Industry and the Institute of Directors.

But Mr John Butcher, Industry Minister, said yesterday that he had hoped for 3,000 volunteers by now. "It is sad that - with some notable exceptions - it is a feature of Industry Year that education is beating industry hands down in terms of taking positive action... It is action, not words that will make Industry Year work," Mr Butcher said.

He criticised industry for not showing the enthusiasm with which schools have responded to the work-shadow idea. The scheme will run through this term and the summer months. Most of those taking part are chairmen, chief executives, and managing directors. But some are executives of charities, journalists, and one is a school headmaster.

Some 16 per cent of volunteers are women, including Ms Brenda Dean, general secretary of Sogat '82, the general print workers' union.

Rolls-Royce aero-engine orders accelerate to £300m in quarter

BY LYNTON McLAIN

ROLLS-ROYCE, the state-owned aero-engine group which the Government plans to privatise, won civil engine orders worth more than £300m in the first quarter this year. This is greater than the annual orders won by Rolls-Royce in 1980, 1981, 1982 and 1984 when civil engine orders did not exceed £250m in any one year.

Mr Ralph Robins, managing director, said yesterday that orders were increasing at the highest rate the company had experienced. In 1983 and 1985 Rolls-Royce's civil engine orders for the full year came to under £400m.

The long-term strategy of the company is beginning to pay dividends, with far more emphasis being paid to developing advanced

technology ahead of its requirement by the market," Mr Robins said. "The strategy is giving us the lower cost of entry to the market with increased opportunities at lower risk. We expect higher profitability as a result."

Rolls-Royce spends about £250m on research and development each year, a rate of investment likely to continue for the foreseeable future of this sum, £100m is generated from Rolls-Royce's own resources.

The company is continuing studies on advanced propeller (propfan) engines, but the fall in the price of oil has taken away some of the potential gains in fuel efficiency from this new technology. Rolls-Royce is maintaining study programmes to

evaluate propfans, but it believes the market for these engines will not emerge until at least the mid 1990s. This is several years later than US aero-engine companies expect to be selling propfan engines.

Rolls-Royce is in touch with General Electric and Pratt and Whitney of the US about propfan technology, but no collaboration is planned for the immediate future. "Propfans are likely to be later rather than sooner and the aircraft using them are likely to be smaller rather than larger," Mr Robins said.

Senior managers in Rolls-Royce indicated yesterday that the company was unlikely to be privatised this calendar year, but it could possibly come to the market before March 31 1987.

US banks complete takeover of brokers

BY NICK BUNKER

CITICORP and Shearson Lehman Brothers, the US investment banks, announced separately yesterday that they had both completed their acquisitions of London stockbrokers. Since March 1, London Stock Exchange rules have permitted outside interests to take 100 per cent holdings in member firms.

Yesterday also saw the completion of the planned merger between S.G. Warburg, the British merchant bank and three UK securities houses to form Mercury International Group, a merchant banking, stockbroking and asset management conglomerate.

All three developments form part of the restructuring of the London stock market that will culminate on October 27 with the introduction of dual capacity operations by stock exchange member firms.

Citicorp said that Scribgeour Vickers, the stockbroker formed last year from a merger between broking firms Scribgeour Kemp-Gee and Vickers De Costa, has become a wholly owned subsidiary of Citicorp Investment Bank Ltd (CIBL).

CIBL - which initially took a 29.9 per cent stake in the combined firm last May - also announced that Scribgeour Vickers had ceased to be a partnership and had been incorporated as a limited liability company.

Shearson Lehman, itself a subsidiary of American Express, the financial services group, said yesterday that it had taken 100 per cent control of J. Messel, the 113-year-old London stockbroker. The US bank purchased a 5 per cent equity holding in J. Messel in 1984.

Ulster call for stiffer opposition to pact

By Our Belfast Correspondent

ULSTER UNIONISTS will have to consider ways to toughen up their tactic of withdrawing consent from the Government in protest against the Anglo-Irish Agreement, Mr Harold McCusker, deputy leader of the Official Unionist Party (OUP), said yesterday. The Anglo-Irish Agreement, signed late last year, gives Dublin a say in the affairs of Ulster.

Mr McCusker, speaking at his party's weekly news conference, made his comments in reply to Mr Cecil Walker, the party's MP for Belfast North, who said at the weekend that the Unionists should return to the House of Commons to voice their opposition.

Mr Walker's sentiments are not shared by senior members of his party. Mr McCusker said he thought there should be a complete withdrawal from Parliament and a tightening of the boycott tactic in Ulster.

He said: "We have to force the Government to do what it does not want to do - for instance, to put commissioners in place of local councils. The debate focuses on a dilemma for the party. The OUP, like its partners, the Democratic Unionist Party, wants to step up the campaign. However, it wants to avoid giving hard-line Loyalists the opportunity to hijack legitimate forms of protest as happened during a strike in the province on March 3.

Door closes today on bids for Land Rover

BY JOHN GRIFFITHS

NO NEW would-be bidders for Land Rover, BL's four-wheel-drive and vans company, had emerged by last night.

When the BL board and its merchant bank advisers Hill Samuel close the door on any further bids tonight they are expected to consider rival proposals from only the Schroder-Ventures-led management buy-out consortium, the Lourho group, and J. C. Bamford, the construction equipment concern.

J. C. Bamford, which declared its interest only last week, is understood to have joined Schroder and Lourho in drawing up detailed pro-

posals following talks with Hill Samuel and a visit to Land Rover's headquarters at Solihull in the West Midlands.

However, BL is also keeping open the option of retaining Land Rover within the BL group while preparing it for a stock market flotation in about two years.

A flotation on a similar time-scale is also the objective of the management buy-out group which was organised by Mr David Andrews. Mr Andrews is on leave of absence from his job as chairman of Land Rover Limited, which embraces all BL's commercial vehicle activities.

New Issue April 15, 1986

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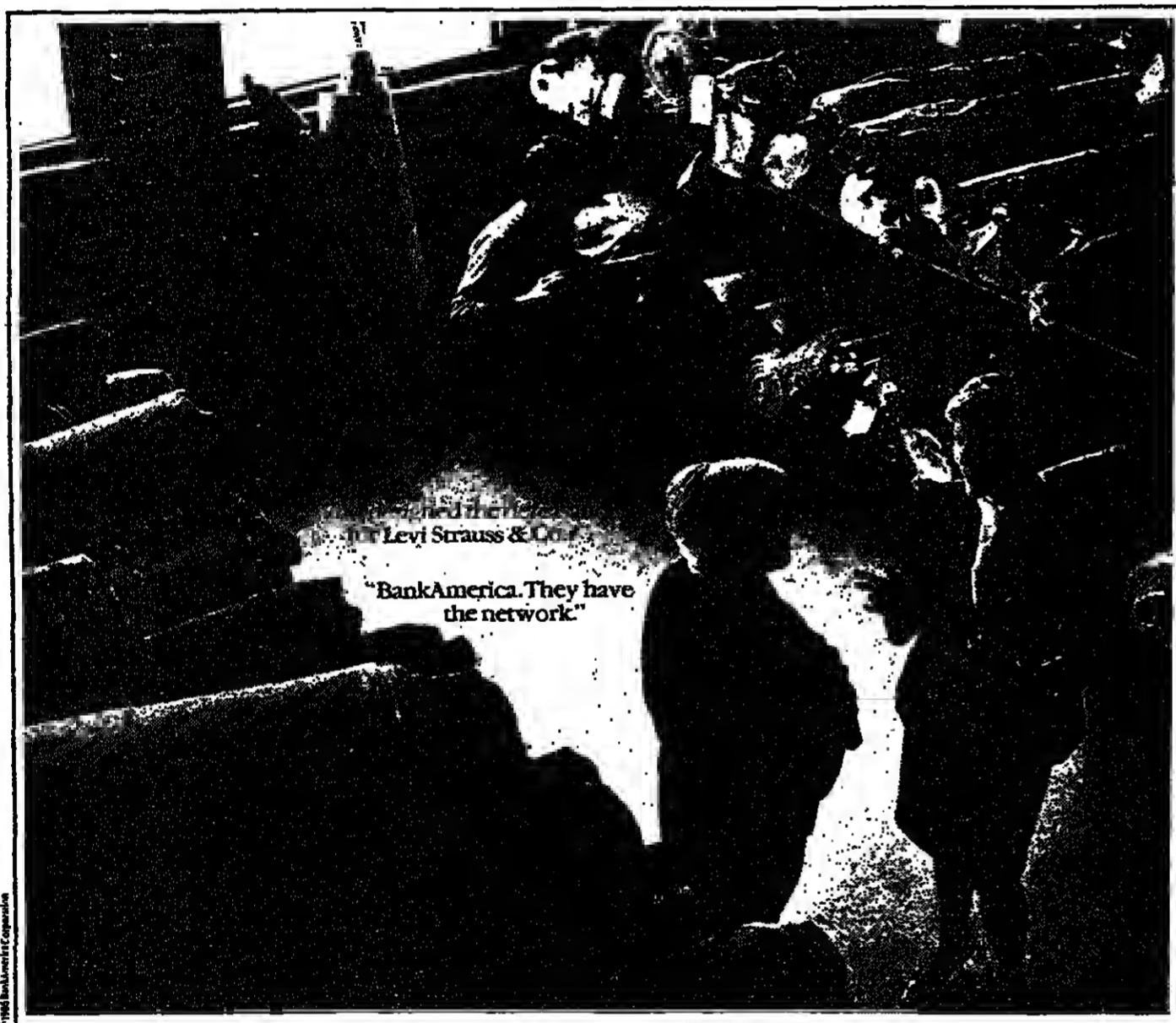
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uesday April 15 1986

Financial Times Tuesday April 15 1986

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Mr. Roberts said
Senior managers in British
lasted yesterday that there
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Ulster call
for stiffer
opposition
to pact

By Our Belfast Correspondent
IRISH UNIONISTS will
continue to oppose the
increasingly
to produce
Agreement
Mr. McCreech, deputy
Unionist Party
The Agreement, signed late last
year, is a key to the
peace process.

Mr. McCreech, speaking
at a news conference
in Belfast, said the
party's
to the Unionist
the House of Commons
the agreement.

Mr. McCreech's statements
were a surprise
Mr. McCreech
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NOT A GRANADA PRODUCTION.



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THAMES HASN'T MADE IT.



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Then who?

You might be forgiven for thinking there are only a handful of ITV companies who produce programmes that are shown nationally.

Turn on the box during this week, though, and you'll be in for a surprise.

Because you will find five eminently watchable programmes from a company that is not one of the usual crowd.

All the programmes are nationally networked. And they'll all attract big audiences.

Kick-off is at 10.30pm tonight with 'The Boys of '66', a fascinating documentary in which Michael Parkinson follows up the careers and lives of England's World Cup winners.

For those too young to remember the heady days of 1966, our award-winning children's series 'Number 73' offers plenty of fun and games at 9.25 on Saturday morning.

Judging by past experience, viewers of all ages will be entertained by the antics of brilliant impressionist Bobby Davro, returning for another series, later on Saturday, at 7.00pm.

Later still, 9.15pm sees the return of the highly sophisticated espionage thriller series, 'C.A.T.S. Eyes.'

And to round off the week, 'Catchphrase' at 7.15pm on Sunday is one quiz show that really catches the attention.

But there are no prizes for guessing who takes the credit for all these programmes.

We do.

We're TVS, the television contractor for the South and South-East. You can look forward to seeing our programmes considerably more often.

And as this coming week will prove, TVS is definitely a name to watch out for.



1786
 April 15 1986
Love!
HICENTENARY
 Two centuries
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هناك إذاعة بالإنجليزية

FINANCIAL TIMES SURVEY

Tuesday April 15 1986

This unspoiled part of Portugal out in the Atlantic is now included in the EEC. Funds from Brussels will help the economy but exports to Europe are likely to meet stronger competition in future.

Poised between two worlds

BY DAVID WHITE

NOT MANY places are quite as far away from anywhere else as the Azores. The nearest land, Madeira, is 500 nautical miles away. Lisbon, New York over 2,000. On a north-south line from the most westerly islands, there is nothing else between Greenland and the Antarctic.

BASIC STATISTICS

Population (est.)	250,000
Area	2,300 sq km (890 sq miles)
Gross National Product (1982)	Esc 27.87 bn
Distribution:	
Agriculture and fisheries	35.0 per cent
Industry	21.3 per cent
Services	43.7 per cent
Trade including mainland Portugal (1982):	
Imports	Esc 17,96bn
Exports	Esc 7,71bn
International Trade (1984):	
Imports	Esc 5,72bn
Exports	Esc 2,26bn
Foreign tourists (1984)	22,720

Unspoilt, well-preserved and unpolluted, part of Portugal but for the last 120 years enjoying a fair measure of autonomy under their own government, the islands lie somewhere between the old and new worlds. They were colonised 500 years ago and have echoes both of continental Europe and (especially in the boom-and-bust cycles which have characterised their economic history) of Brazil.

The other side of the New World is there too, in the cocoon of American civilisation at the Lajes US air base, which flies in its own milk to a milk-producing island.

This western outpost of the EEC is made up of nine inhabited islands, together about the size of Luxembourg, strung out loosely along roughly the same latitude as Lisbon and Washington DC. Meteorological science has produced the result that they are heard of less in their own right than as the "weather kitchen" of Europe. The permanent Azores anticyclone (involving air currents around a high-pressure zone) more or less decides, when it edges north in summer, what weather the Continent will receive.

However, the islands have other claims for being on the map. At crucial stages of Portuguese history they have played a big part—the place

names Angra do Heroísmo and Praia da Vitória commemorate their role in the cause against absolutism during the "war of the two brothers" in the 16th century—and their strategic position is still regarded as vital to NATO.

For generations of travellers they also served as a mid-way port of call and first landfall. But the "staging-post" role has largely gone these days. While elsewhere communications have expanded, here they have shrunk. Liners rarely call—though transatlantic yachtsmen do—and US airlines that used to make stopovers no longer do so.

This increased isolation, aggravated by high freight costs, has been joined by worries about the islands' future in the EEC. The mainland Portuguese market for dairy and meat from the Azores, the main

export and in the post-war period the most dynamic sector of the economy, will become exposed to competition from northern Europe.

Although funds from the EEC will give the islands a shot in the arm, and although they can now tap a much larger market if they can send quality produce at competitive prices, there may be problems in store.

The regional government, which has stayed in the hands of the centrist Social Democrat Party (PSD), currently in power in Lisbon, has put on the best face possible. But nobody really knows how the EEC will work out, and a certain ambivalence reigns on the islands.

Since the first settlements, the Azores have been through a long series of economic cycles involving various exports—wheat, wool, oranges for ships' stores and for the English market, whaling and in more recent times pineapples grown in white-washed greenhouses, chicory for coffee, sugar-beet, and above all dairy farming. People do not like to talk in terms of the "cow cycle" expecting that the Common Agricultural Policy will at least keep dairy farming going and that it will not go the way of all the other cycles.

Until Portugal's 1974 revolution, the islands, split into three administrative districts, suffered from a neglect that Dr José Bosco Mota Amaral, the current Azores president, puts down simply to bad government. Like the Azores' three football teams today, they played in Portugal's third division.



The Azores

The autonomous government has taken on the hard task of forming a united regional identity. Catering to inter-island rivalries, especially between the two largest islands of Sao Miguel and Terceira, has meant adopting an extraordinarily unwieldy government system, with the president on one island, the 44-member assembly gathered on another, part of the government based on yet another, and government meetings held at least once a year on each of the nine.

However, autonomy has brought clear benefits by giving the archipelago its own voice in the country's affairs, including internationally. The Azores and Madeira both have a clause in their statutes enabling them to participate in negotiations on any treaties and agreements which affect them directly.

The PSD's apparently unassailable majority and a low level of union activity have

given the islands political and labour stability contrasting with the turbulence and changes of national politics. Under the autonomy statute, the regional government is free to manage tax receipts — both those raised locally and those transferred from the state — and has some fiscal differences (a lower VAT rate), but it wants its powers extended so that it can organise its own tax system.

Some progress has been made in narrowing the gap with the mainland, but per capita income is still only about 60 per cent of Portugal's and less than one-fifth of the EEC average, and there is a serious housing problem.

Adult literacy — although slow mainly affecting the over-40s — was measured five years ago as 23 per cent, and among the farming population as 32 per cent.

The Government has so far concentrated on channelling funds into ports and airports. It is now looking to ways of creating wealth within the islands by promoting industrial investment and tourism. Farms and fishing cannot continue to give work to almost 30 per cent of the population. Dr Mota Amaral says his aim has to be "to stem the historic tradition, which is to export people."

The population has fallen from 328,000 in 1960 to 250,000. Although immigration has slowed — about 1,000 a year in recent years, compared with annual rate of 9,000 or 10,000 — and figures now indicate some demographic growth, some islands have ageing populations. There has been little inflow of people from the mainland this century.

Emigrants in modern times have gone mostly to the US and Canada, where Azoreans num-

ber about 1m — the bulk of the Portuguese community in those countries. This connection has built up strong affinities between the islands and the US. The only significant independence movement on the islands, which emerged after the 1974 revolution but is now moribund, is broadly pro-American.

On December 31 last year, the eve of Common Market entry, the US and Canadian flags were hoisted alongside the EEC flag.

Out of the US base agreement the Azoreans have become big recipients of US aid. The \$40m a year they now obtain as their share of economic offsets make up 20 per cent of the regional budget. Together with EEC funds and a smaller amount of French assistance

Harbour on Ponta Delgado on San Miguel, the most populous island. Autonomy for the islands has brought a voice in Portugal's national and international affairs.

CONTENTS

- Government: carrying out an ambitious plan
- American links: home is also the US 2
- Economy: benefits and doubts about the EEC 3
- Agriculture: dairy farming a powerful sector
- Energy: plan to harness geothermal steam
- The people: influences and echoes of other countries 4

CONTINUED ON PAGE 2

without
 cash

9 Enchanting Islands

Each of the nine islands of the Azores has an individualised landscape. They have one point in common, however. The presence of luxuriant, exuberant greenery which includes all the colours of the rainbow and is speckled with bright flowers. Then there are the wonderful lagoons at the bottom of craters.

A pace of life in which there is time to stop and appreciate living. Nature in all its original splendour. Invitations to discover and experience a different world, repeated on each of the nine islands of the Azores.



For further information on the Azores contact:

Azores Tourist Board
 Rua Marcelino Lima 9900 HORTA AZORES
 Telex 82125 GRAZOR P

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Nine islands for natural holidays

The unique character of each of the nine islands and the spectacular scenery. The unique landscape. The changing sea and climate. The charm of the Azores. The peace and quiet. The beauty of nature. Come and discover us.

The Azores 2

AUTONOMOUS REGION OF THE AZORES

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- A proposition to companies

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- (b) For the second contract (six months): 60% of the basic salary for females and 40% for males.
- (c) Admission on a permanent basis: Six times the value of the basic salary for males or females.

Note: The companies will also benefit from the payment, in the proportions referred to in each section above, of the Christmas and vacation subsidies for which the employees are eligible.

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The Azores have an excellent training centre where the most diverse programmes have been taught. On-the-job training programmes can also be supported by the Secretariat of Labour upon evaluation on a case-by-case basis.

For more information on our programmes and labour force please contact us at:

SECRETARIA REGIONAL DO TRABALHO
Direcção Regional do Emprego e Formação Profissional
Rua da Cruz 9, 9500 Ponta Delgada, Azores
Telex: 82125 GRAZOP

Ambitious regional plan

Government

DIANA SMITH

PONTA DELGADA Airport has come a long way since the Second World War when aircraft preparing to land had to circle until cowherds clanking buge iron triangles could shoo their grazing cattle off the small grass landing strip. Today the tarmac runway of Ponta Delgada takes modern jets, and in a year or so the runway will be extended to accommodate passenger or cargo Jumbos.

The airport's extension and internationalisation is but a small part of the ambitious master plan of the Azores regional government led by Dr Joao Bosco Mota Amaral. The aim is to turn the archipelago into a mid-Atlantic agricultural, fishing and industrial zone properly equipped with commercial and fishing ports, airports, free zones and solidly-built housing space.

Ten years ago the Azores were granted the status of an autonomous region of the Portuguese republic. The region covers nine islands and, in the

words of their statute of autonomy "the sea and its depths" inside a 12-mile exclusive economic zone and 200 miles of territorial waters.

This covers no less than 1m square miles—a vast domain rich in the fruits of the sea, both smaller table fish and big game fish such as tunny, blue marlin, bonito and sailfish travelling in the Gulf Stream to spawn in northern waters. Autonomy endowed the region with a parliamentary system, whereas mainland Portugal is semi-parliamentary / semi-presidential. Members of Parliament—the regional assembly—are elected by universal direct suffrage with a four-year mandate.

Unlike mainland parliaments and executives that have come and gone every few months, the Azores, where Dr Mota Amaral's Social Democrats dominate politics, the assembly and executive have served their full terms. They are now midway through their third legislature and doggedly into the first medium-range development plan.

Each island is a constituency and elects two deputies. On top of that one deputy is elected for each 7,500 registered voters, a deputy representing Azoreans living in other parts of the Portuguese republic, and one

representing Azoreans living abroad—who number well over a million.

With representation came the right to taxation revenue. The regional government applies the income from all taxes—earned and unearned income, VAT and so on, levied locally. Because of the islands' more modest economic status the VAT rate is 30 per cent lower than in mainland Portugal.

Scattered

The executive is spread over three islands—Sao Miguel which houses three-fifths of the archipelago's population of 250,000, Terceira, north of Sao Miguel, and Faial, far to the west. To scatter Government departments over three islands is good for local pride and certainly keeps the inter-island air line, SATA, busy. But in practice it is like being a Minister of Agriculture in the Isles of Scilly and the Department of Trade in the Orkneys—not always conducive to speedy coordination.

The Cabinet if not peripatetic, must meet on a different island periodically. Thus Dr Mota Amaral and the regional secretaries—local equivalent of ministers—this month trooped from their offices in Ponta Delgada, Angra do Heroísmo

and Horta to little Graciosa to sit in cabinet and inaugurate Graciosa's first commercial port.

The Government is young with hardly anyone over 40, and cheerfully withstands all the travel and challenge of forging a united region out of islands that for 500 years ferociously competed with and often snubbed each other.

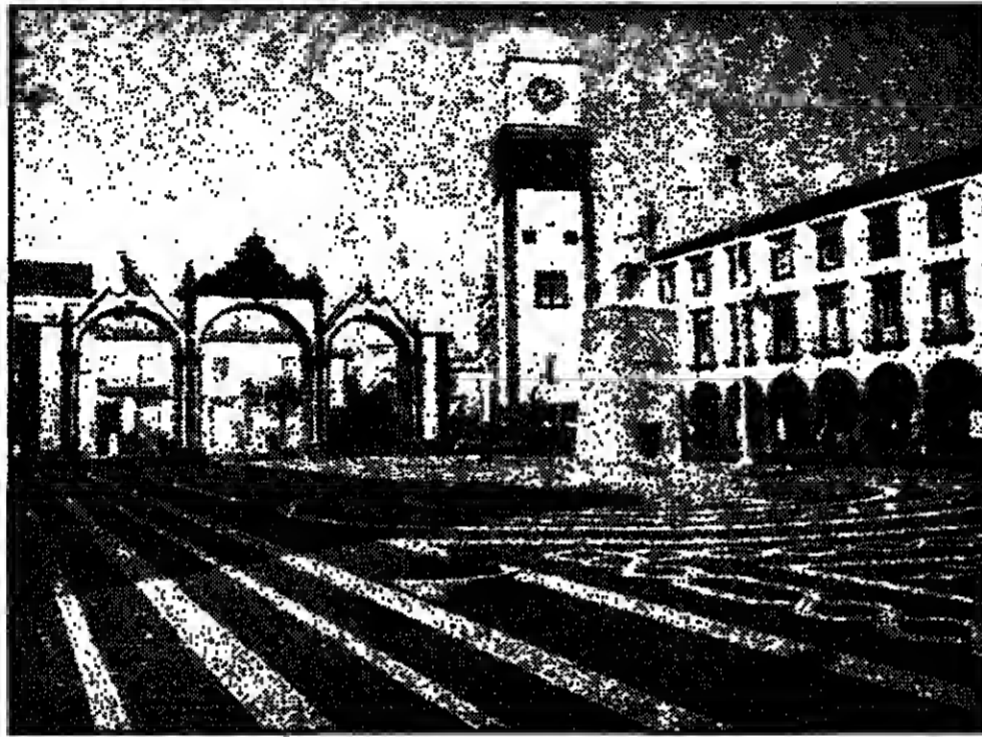
Disinclined to talk politics, eager to talk policies, the executive after a decade of self-government wants even more autonomy so that labour and tax laws imposed by Lisbon can be made more attractive locally to potential investors.

Stability has meant that these young leaders who built the islands' local government from scratch, could get on with the job of improving education and health and create new infrastructures, then try to make their preparatory work pay by attracting productive investment.

They have done so much in a decade to change structures in their islands without highlighting the landscape, that they may achieve a small miracle: creating enough modernity to soften the urge to emigrate tempered with care to protect the ecology and visual splendour which make the Azores a haven.



Dr Joao Bosco Mota Amaral, president of the regional government, which has taken on the task of forging a unified regional identity.



Ponta Delgada on Sao Miguel Island, where three-fifths of the population live.

Expatriate communities created by settlers

THE BEAUTY of the Azores is beyond question, but through most of their more recent history these spectacular, wind and rain-swept volcanic islands—some tiny and none very large—have not been able to provide good incomes for their good-natured, hard-working people.

The Azoreans, descendants of settlers who left the Portuguese mainland 500 years ago, chose not to turn back to continental Portugal in their restless search for improvement. Instead they went west to North America and beyond. Some took up whaling and settled on the north-east coast of the US.

Large Azorean-American communities thrive from Rhode Island past Boston into Cape Cod and on to the little islands of Martha's Vineyard and Nantucket.

Others moved north to Canada, around Toronto or even distant Vancouver. Again, the first adventurous spirits created communities for their friends and relatives.

Different islands bred different communities. The people of mainland 500 years ago, chose the largest island, Sao Miguel, preferred Massachusetts. Mention Fall River, New Bedford or Pawtucket to even a well-travelled person from England and he is apt to say "parrot".

Mention these towns to a resident of Sao Miguel and he is likely to tell you about his uncle in one, cousin once-removed in another and nephew in a third. As the Azoreans put it: "You'd have to search for years for an islander who has no American relative."

New England Azorean communities, like those in Canada, have taken to their new habitat energetically, although New England winters are several dozen degrees colder than any-

thing the Azores ever knows and they must master a new language and lifestyle.

They have become garment factory owners, restaurateurs, supermarket owners and newspaper editors, real estate brokers and bankers; workers in the electronics industry and master builders. Selectmen—the Massachusetts version of aldermen—and mayors.

From tiny Pico Island, migrants have gone far west to California, to San Diego, and the Napa Valley, to grow wine in rivalry with the Italians, set up amateur soccer teams and local radio stations—and they continue to fly back to visit.

Others moved north to Canada, around Toronto or even distant Vancouver. Again, the first adventurous spirits created communities for their friends and relatives.

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can literature of the 1940s be quite the same without John Dos Passos, who wrote USA and was an Azorean?

Nowadays, the Azores have a lobby in Washington through Congressman Tony Coelho, a Californian descendant of Azoreans. But to the delight of the Azores the traffic has begun to flow homewards. Azoreans who made good abroad are investing in the islands.

Three garment factories on Sao Miguel, with more than £1m invested, have been set up recently by Massachusetts Azoreans who speak English more easily than Portuguese and have solid US clients.

They came home because the US garment industry is in trouble. In the Azores they can hire female workers new to the job market with government subsidies. Even the "high cost" of exporting the finished goods it is worth their while.

Garment-making is not the ultimate aspiration for the island's industrial development, but since the archipelago is starting almost from scratch, labour-intensive industries such as this are seen as a useful first stage, allowing the labour force to find jobs and develop a skill.

That they develop fast is stressed by quality control supervisors of a US client of the first Azorean-American garment factory that in three months has gone from an empty shell to a bustling shop, who were amazed by the high quality of the work. Three months ago the 75 women there were jobless.

The islands are buzzing with talk of the "Americans" and their factories—and the hope is that there will be more money and jobs flowing eastward from the continent 2,400 miles across the water.

American links

DAVID SMITH

Poised between two worlds

CONTINUED FROM PREVIOUS PAGE

linked to France's missile-tracking station on Flores, foreign aid makes a big contribution of the budget as the Portuguese state.

It is questionable whether the islands will ever become fully self-sufficient. But the regional government is hoping that the pace of development will now accelerate—thanks to EEC support. Emphasis is being put on strengthening the fishing fleet to make use of the islands' huge zone of Gulf Stream waters, as well as on tourism and farm goods.

A young government is trying to build up enthusiasm. For the first time, overseas Azoreans are beginning to come back and invest in the islands.

Sceptical

However, many people are sceptical, and some rather anti-development, preferring things the way they are. A compromise of sorts is called for, since the way things are is the Azores' best asset for tourism. The islands, though mild, do not have a fantastic climate for sun-seekers (or else they would have been discovered long ago). But they provide scenery every bit as changeable as the weather, a good deal of original atmosphere, and a fair guarantee that the visitor will not be mugged or harassed.

With no significant mineral riches and probably rather limited industrial possibilities, the island's natural beauty and the clean seas around them are among the principal resources. Between the rugged coasts and volcanic heights, their lush greenery, lined in summer by hydrangeas, is a welcome surprise.



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The Azores 3

Benefits and uncertainties in EEC membership

The economy

DAVID WHITE

THE HARD LESSON for the EEC's new members is that after waiting so long to join, they have not really arrived anywhere, but on the contrary are just starting out.

Nowhere is this more the case than in the Azores. The islands are not only one of the Community's poorest regions—a fact which guarantees them a certain amount of EEC aid—but their main agricultural livelihood is suddenly much less secure.

The regional authorities are looking to foreign investment for jobs in new activities, and are starting virtually from scratch. They have no choice but to strike out in new directions. The islands' trade has depended up to now overwhelmingly on mainland Portugal and three-quarters of sales there are animal products, a market where there is competition from now on from surplus-ridden northern Europe.

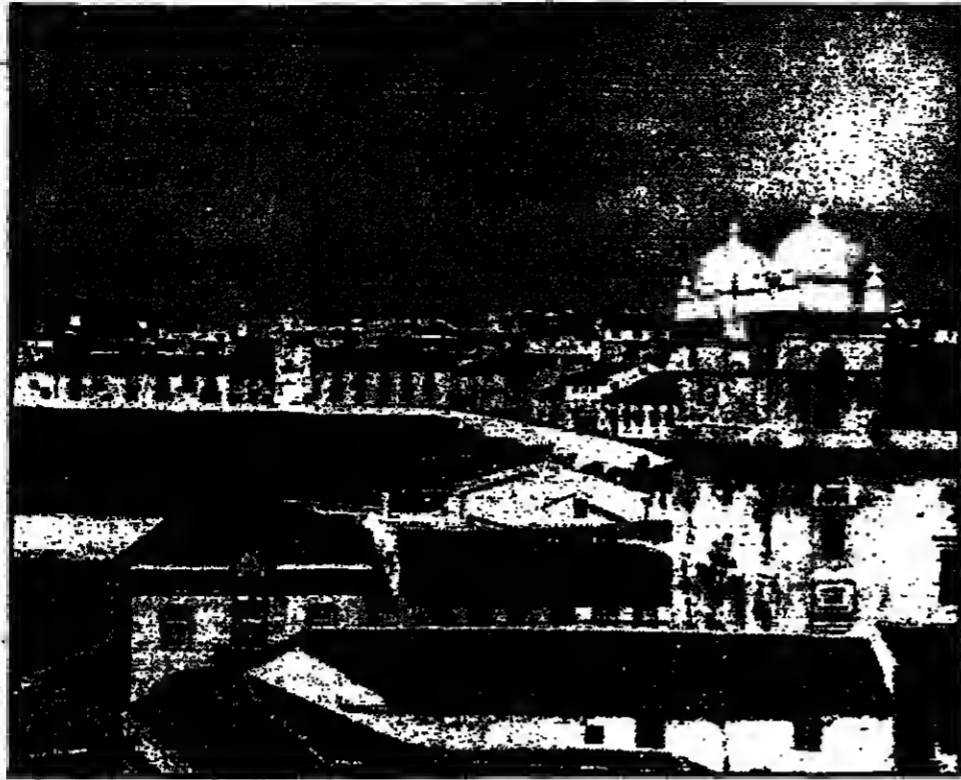
Only a small proportion of exports go elsewhere—stuffed fish to Italy, fresh fish, embroidered goods and cheese to the US. Even there the market, among the emigrant community, is largely a captive one. The Azoreans have no tradition in marketing their products.

As much as 29 per cent of employment on the islands still comes from farms and fishing. Industrial jobs, mainly in processing the products of these activities, have been increasing their share, from 25 per cent five years ago to about 28 per cent, and forecasts by the regional government show them shortly overtaking the number of jobs in the primary sector.

An estimated 2,000 or more new jobs a year are required to absorb the supply of labour, and even then the islands' relatively low unemployment rate of about 5 per cent can be expected to rise. Women, by island tradition less educated than men and kept to the home, are joining the search for work. At present, barely one in five Azorean women of working age has a job.

An incentive plan for employing first-job seekers, backed by EEC funds, is weighted to favour female employment, and the Government is also putting funds into job creation and training.

The investment effort so far has come mainly from the pub-



Rooftops at Angra. The authorities have difficulties in filling the islands' hotel rooms

lic sector, concentrated on improving infrastructure. This year the islands are due to receive their first Esc 2.1bn slice of EEC regional funds to help finance commercial ports on the island of Santa Maria and at Praia da Vitória on Terceira Island, as well as an airport extension at Ponta Delgada on the main island of Sao Miguel.

When completed, the islands will have three airports capable of handling international flights, even before the question has really been answered of what they will all be used for.

A regional development plan for the first five years of EEC membership—going up to the end of 1990—calls for financial resources (at 1986 prices) of Esc 56bn. Two-thirds of the effort is to go into economic development. The third plan of its kind since 1977, its priorities are fishing, tourism and—inevitably—agriculture.

Fishing accounts for about 2 per cent of the regional product, twice as much as in mainland Portugal, but is under strength. One advantage of isolation is that, the islands

have been able to establish exclusive economic rights over 1m sq km of sea. But they have to use the transition period of EEC entry to modernise and enlarge their fleet (with some Community help) to be able to occupy this zone.

Maritime resources are perceived as a store of potential wealth, but the store is unquantifiable; no reliable assessment has yet been made of fish stocks.

Tourism is even more under-exploited. Last year's total of visitors, including Portuguese, came to a modest 85,000. Means of access are limited; apart from the Portuguese airline TAP, which connects with the mainland and runs scheduled flights through to the US, the only connections these days are charters organised for the Azorean community in North America. Pan Am and TWA used to stop off on their way across the Atlantic, but no longer do so.

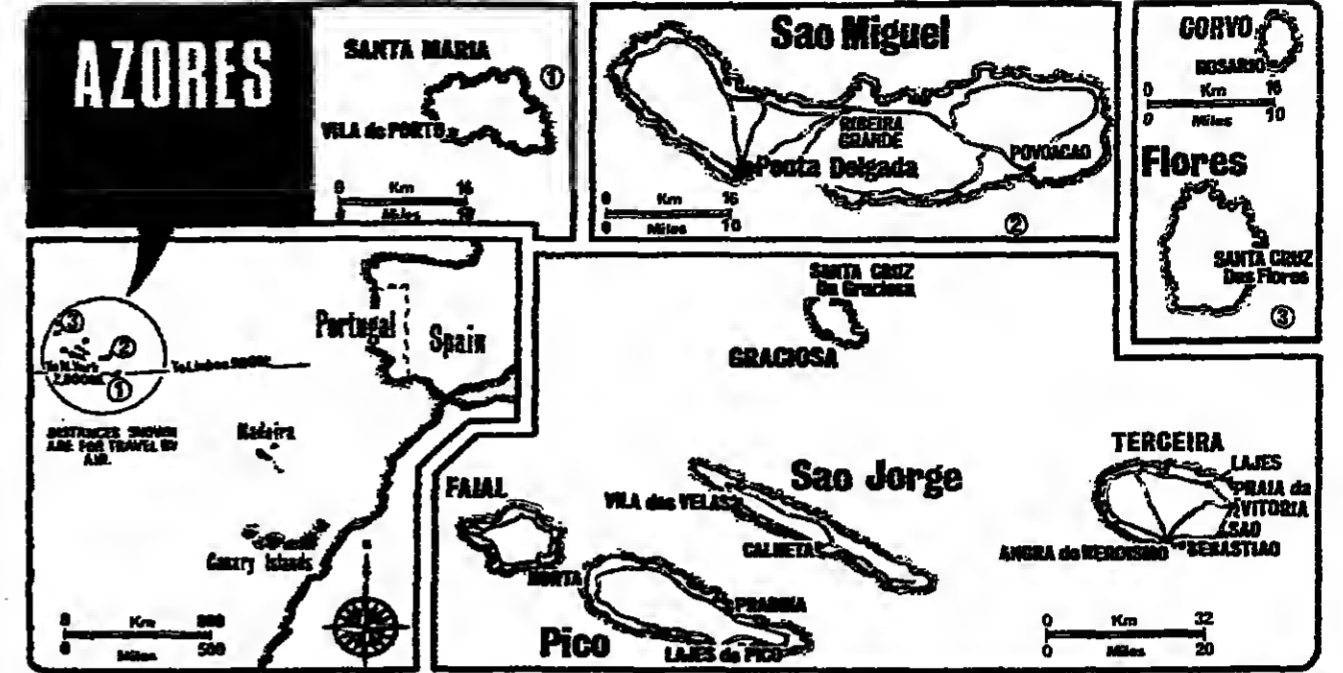
Of the foreign contingent, Germans far outnumber the rest, but are still only an adventurous trickle. There can be no doubt of

the islands' capacity for bringing in substantial tourist income, but the authorities are concentrating on quality rather than quantity, aiming to draw in visitors prepared to pay for specialised activities, from big-game fishing for tuna and marlin to thermal cures. The old baths at Sao Miguel's hot spring centre of Furnas are being refurbished.

"We have always said the same thing," says Mr Filipe Bensaude, chairman of Bensaude E Companhia, which among many other things helped to start tourism in the Azores 50 years or so ago. "This is no place for mass tourism, only for select tourism, for people who want to get away from civilisation."

The group, as a sideline to its main banking and shipping-agent activities, operates the country-house-atmosphere Sao Pedro Hotel in Ponta Delgada and another, pure 1930s-style hotel at Furnas. It could expand, but Mr Bensaude is against. He is sceptical about the possibilities.

The islands' weather is mild year-round, with mean tempera-



tures moving in a narrow range between about 13 deg C (55 deg F) in winter and 23 deg C (73 deg F) in summer. But it tends to be damp and unreliable, and skies are rarely cloudless. The water is good "for the hardened," says the sole full-length travel guide, published in German and "sea bathing is possible the whole year." But the beaches are of dark volcanic sand.

Two five-star hotels which have been built on Sao Miguel (threatened to be white elephants. One, with 110 suites overlooking the remarkable twin lakes, one green, one blue, of Sete Cidades, has been sitting unopened. Meanwhile, when the Santo Cristo religious festivities come around next month, there will be no empty hotel rooms left. The islands have at most 1,500 hotel beds.

"It is a vicious circle," says Mr Bensaude. "You won't get charters unless you have beds, and you won't get beds unless you have charters."

The islands have two golf courses, and a third is planned. But Mr Bensaude says it cannot compete with the south of Portugal. However, he effectively declares his own position when he adds: "I would hate to see this turned into an Algarve."

Reluctance to take on major changes can be found in other sectors, and explains the low profile of local industry.

Manufacturing in the Azores faces obvious problems in the small size of the local market and in the cost of transport. But the authorities are hoping to attract light industry, taking advantage of regional incentives. The islands' position between the Americas and Europe, and their low Portuguese-level wages (average monthly pay around Esc 40,000 to Esc 50,000).

A new investment promotion body is being organised, and industrial parks being completed on Sao Miguel and Terceira and a free trade zone is being set up on Santa Maria. Located next to the US-built airport, which has been deprived of its past importance, the project is modelled on Ireland's Shannon. But some people question how much of a success it can be as long as it is limited to one small island.

The authorities are hoping to attract activities such as electronics (despite one had experience in this sector, a US-backed soldering operation which proved to have no market), which has the advantage of high value-added and low weight and volume.

Investment projects are handled locally, without having to go through Lisbon to be approved, and those well used to the ways of Portuguese bureaucracy will realise this is one big plus point for the islands.



Vineyards and maize on Sao Miguel island. A high proportion of work in the Azores is on the land

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FINANCIAL TIMES SURVEY

Tuesday April 15 1986

Direct Marketing

Computer technology and new methods have raised standards of accuracy in reaching target groups for sales campaigns. In the face of increasing costs of other advertising, demand is growing in sectors such as finance

Pinpointing the consumer

By David Churchill, Consumer Affairs Correspondent

DIRECT marketing has emerged as one of the fastest-growing and most cost-effective means of reaching target audiences with a sales or promotional message. The business has benefited from the escalating costs of other advertising and through efforts to raise standards and introduce greater professionalism.

Credit for much of this improvement in the UK must go to the Post Office which clearly has a vested interest in the granting of direct mail - and to bodies such as the British Direct Marketing Association and the Direct Mail Services Standards Board.

But the growing demand for direct marketing services, especially from areas such as finance and travel, has also prompted a rise in standards. Techniques in designing target groups and the mechanics of direct marketing have been improved out of recognition in the past few years, helped by imports of new methods from the much larger US direct marketing industry as well as from the benefits of new technology.

Direct mail is the main part of the direct marketing sector. It accounted for some £324m of advertising expenditure last year, which makes it a bigger medium than rivals like magazines and the regional press. But the growth of telephone marketing has also been significant.

New areas such as interactive networks based on home computers or via videodata systems also point the way forward from mailshots of the past.

What underlines the growth in popularity of direct marketing as a modern medium is that

users can move accurately measure the response to the marketing effort than probably any other medium. Unlike advertising campaigns, a direct appeal to the consumer can be evaluated quickly for its cost effectiveness and either abandoned or developed.

The techniques and opportunities feature prominently in a direct marketing symposium and exhibition at Montreux starting this weekend. This is the 16th gathering of direct marketers from across the world and is expected to attract more than 2,000 participants.

Financial marketing is the key in the sector. It is likely to continue to grow, aided by increased consumer awareness in buying shares, and developments in the City of London, which require putting a particular financial message across. The wave of mega-mergers is leading to increasingly sophisticated measures to provide shareholders with information through the post.

The clearing banks are also following the lead set by the insurance companies and unit trust operators. In talking directly to their customers about services on offer.

Retailers are beginning to embrace direct marketing. Marks and Spencer will try direct marketing, suggests Mr Rod Wright, client services director for Ogilvy and Mather Direct. Bloomisdales in the US has had enormous success and so has Brooks Brothers.

Travel, cars and consumer durables are also popular areas for direct marketing as companies recognise that their best

customers are their existing ones.

"Direct communication whether it is the mail or telephone, or both, not only provides greater contact, making it more personal and private than television or newspapers, but also encourages regular dialogue between the company and the customer," says Mr Chris Gater, a director of direct marketing, company Christian Brown.

Mr Christian Brann, who has left the company he founded to concentrate on independent consultancy after 35 years experience in direct marketing, agrees that direct mail is an important and powerful channel of communication. But he says: "It suffers from the fact that it is often practised by almost anyone, apparently without any training or experience."

"The need for expert writing, design and production in direct mail is not as obvious as it is in display advertising or in the production of television commercials."

To help companies realise such differences, the Post Office helped establish the Direct Mail Sales Bureau to promote the medium, especially with advertising agencies.

It was also among initiators of other moves to improve the image of direct marketing. For example, the Direct Mail Services Standards Board was set up as an independent body with financial backing from the Post Office.

The board has two main functions. Firstly, it started a recognition scheme for direct mail agencies. To qualify, the



psychology of reaching potential prospects. "Too few agencies consider the differences between the doormat and the desktop—in other words whether one is trying to reach a person at home or at work," he says. "Approaches should be totally different."

The test does not end there, however. Recognised agencies are then required to make annual submissions of trading accounts and the board can withdraw recognised status if it finds the agency does not come up to standard.

The second function rewards recognised agencies through a refund of just over 1 per cent financed by the Post Office on annual postal bills for mail shots. Agencies have qualified for about £2.2m of refunds.

The board also monitors standards in direct mail generally. It examines samples from recognised agencies as well as all types of mailshots sent to consumers. Most problems are found with sweepstakes and prize-draw types of mailings. This is not because of attempts to break the law but because rules covering such mailshots are extremely complex.

The direct marketing industry has also sought to enhance its image with the creation of the Mailing Preference Service. This was set up by the big trade associations supported by the Post Office to counter criticisms about the rise in unsolicited mail being received by the public.

As direct mail has grown as a marketing technique, so has the amount of unwanted mail sent to consumers. The preference scheme enables consumers who find such unsolicited mail an intrusion to opt-out of direct mail lists.

The snag is that consumers have to take the positive step of obtaining an application form to enter the service. About 30,000 have asked for their names to be excluded from mailing lists, although nearly 5,000 have asked to have more mail sent to them about certain areas in which they are interested.

More than 120 direct mail operators belong to the service, paying subscriptions based on annual volume of mailings.

The service is not entirely altruistic as companies have a vested interest in keeping recipients of mail shots happy — otherwise they will not want to buy the product or service offered. They also save wasted stationery and postage on people who do not want unsolicited mail.

If standards can be maintained and improved, the future for direct marketing looks sound.

Earlier this year Mr David Ogilvy of Ogilvy & Mather told a Paris conference that direct marketing was growing twice as fast as general advertising. "Soon it will become the tail wagging the dog," he said.

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- Telemarketing: Culture problems for infant industry
- International: US keeps its head start Page 4

As one of Britain's biggest direct marketing agencies, WWAV's only function is getting results for its clients.

1986
£16 million

Fortunately, this also produces interesting results for the agency.

WWAV, as Watson Ward Albert Varndell is more conveniently known, started life just 4½ years ago, in a small basement room, with four people and no business.

Today, we have over 70 people, a direct mail computing company in Bristol, WWAV North, about to open its doors in Leeds, and billings of £16,000,000. There has, however, been no magical formula to this success.

It stems instead from a very simple view of what a direct marketing agency should offer its clients. Which is no more or less than the most cost-effective results possible.

At the end of the day, the only possible reason for using a direct marketing agency is not size, nor reputation, nor how well you make a presentation. It is simply down to the agency's ability to earn its keep and deliver a profit to the client.

Some cases in point.

Working with Sun Alliance for over 2 years, we have helped them achieve outstandingly cost-effective results through a major programme of direct mail.

Two years ago, The Salvation Army came to us with a budget of £10,000 to see if we could help them raise funds through direct mail. Today, the budget exceeds six figures and we have raised well over £1 million for them. (And WWAV Computing, our computer subsidiary, has written, designed and installed a powerful database system for the Army into the bargain.)

Again two years ago, Lloyd's Life came

1981 £0 million

to us with an equally small budget for an 'off-the-page' insurance test with a product that had been sold purely by brokers for a decade.

Today, that same product, re-named 'Linkplan', is one of the most successful direct-sold insurance products of all time, with a promotional spend of nearly £3 million per annum. "Cash if you die. Cash if you don't" inserts and advertisements are now highly noticeable.

Grattan plc were one of our first clients. We began by handling agent recruitment direct mail, and our first work was a split test for them against the incumbent agency, which we won by over 40%. Today they mail millions of our packages each year, and average responses have trebled over that period.

(We have also launched Grattan Direct through space and insert advertising and mailings, and it is now becoming a successful brand.)

For NatWest Access, we recently produced a package that in a split test achieved over 300% improvement in response.

For IBM United Kingdom Limited, we have helped develop new catalogues, one of the primary routes for the sale of office and computer consumables.

For Boston Trust and Savings, we created a highly personalised mailing that generated so much business that it was mentioned in their Annual Report and Accounts.

1983 £4.5 million

We launched, last Christmas, a new hamper company that in just one season of promotion has now become a major company in its field.

These are some of our many successes. And it helps explain how the vast majority of WWAV's growth of 60% last year came from existing clients, rather than new ones.

The secret behind this achievement is a combination of experience, professionalism and hard work.

As a matter of policy, the agency tends only to recruit experienced people.

1984 £8 million

Rather than providing a training ground using our client's money, we take on people who understand the enormous complexities of successful direct marketing.

For example, most of our Account Directors have come from the client side, from organisations such as Diner's Club, Book Club Associates, Reader's Digest and Consumer's Association.

In terms of professionalism, we have some of the most outstanding people in the business.

Our Planning Department is headed by a Fellow of the Royal Statistical Society, with over 12 years experience in analysing and directing successful mass mailing programmes.

Our Media Department is headed by one of the acknowledged experts in direct response media buying, which accounts for the fact that we also handle several 'media-only' clients.

Our Production Department, which will be directly responsible for organising and mailing over 40 million items this year alone, is staffed by people with an intimate knowledge of the mysteries of rebate postage, mechanised enclosing and laser printing.

And with one of the strongest creative departments in the business, we have won more awards in direct marketing than any other agency in the country, including two major awards from the United States.

Underlying this whole approach is the fact we are completely independent. All of the equity of the agency is owned by the directors and the staff combined. There are no outside interests. We are not part of some mega-American group that can dictate what we do, or how we do it.

We live, or die, by our own efforts. Which concentrates the mind wonderfully on making sure we get the results that we are being paid to get.

If you would like to know more about WWAV, the clients we work for, and how we may be able to help you become more successful in direct marketing, please contact John Watson, Managing Director, or Mrs Rinalda Ward, Client Services Director.

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Figures on graph refer to 'grossed-up' billings from fee income, where appropriate. 1986: Annualised from current projections.



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Telecom Telemarketing supply a complete telephone marketing package, including planning, execution and detailed statistical analysis, to be integrated into your own sales and marketing campaigns.

PhonePower provides a full marketing consultancy and specific training courses to teach your staff how to generate new business by phone, launch new products and services, convert enquiries into sales and advises on techniques for improving your cash flow.

For full details of all or any of these services, call the free LinkLine number or cut the coupon.

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Direct Marketing 4

Golden day for the Royal Mail



of the bewildering array of services. Direct mail involves communicating with private individuals at home or with business executives or professionals at their home or business addresses. If correctly used, it matches its message to the target.

"You ought to talk differently to the chairman of a company and to a buyer of office products," says Mr Christian Brann, an independent consultant on direct marketing.

An early avenue to explore is the Post Office itself, which has improved its special schemes for the first-time and regular users. These include discounts for advertisers using direct mail for the first time on first-time mailings of 1,000 items or less.

But for bigger mailings it now also incorporates a sliding scale allowing significant special discounts which may be additional to any standard discounts. A first-time direct mail shot of 100,000 items, for example, could attract free postage on 40,000 items in addition to the normal rebate.

The introductory offer for new users of the Post Office's reply-paid services has also been enhanced. Companies applying for the reply-paid offer may now be eligible for free postage on their first 500 replies — an increase of 200 on the previous total.

Costs

The Post Office also has special schemes for those wanting to mail overseas, even if they have previously taken advantage of similar schemes confined to the UK.

The recent reduction of 1p in the cost of the basic second-class postage is also seen by the Post Office as a means of stimulating direct mail. With postage accounting for about a third of direct mail costs, 1p off means savings on overall campaign costs of about 2.5 per cent.

Using direct mail, however, requires that the company has a list of addresses of people who might be expected to respond to that mail-shot.

The list business is struc-

tured so that the list owner and the client are often brought together with the aid of a broker who advises, searches, and negotiates for lists and handles the administration. In return, he takes a percentage of the list price from the owner's fee, often about 20 per cent.

Brokers, however, still have difficulties in persuading companies to part with lists of people they have on file although brokers prefer to believe this reticence is due to lack of understanding about lists rather than strong belief in maintaining consumer privacy.

One criticism of the list broking business is the high fees charged in comparison with the cost of lists in the US, where the business is much larger and more established. UK brokers, however, say that computerisation of lists was achieved much earlier in the US and, since the market is larger, economies of scale are therefore much greater.

Ms Judith Donovan, who owns and operates a direct marketing agency in Bradford, suggests that the golden rule is to find the right list or lists and evaluate the soundness of the proposition.

"If the right offer is not being made to the right list, then no amount of gimmickry will deliver success," she says.

Companies that remain hemmed by the intricacies of the direct mail industry often turn to the specialist consultancy for help and advice. These range from large operators such as Christian Brann, Millplan International, and Oligrey & Mather Direct to a host of smaller operators.

David Churchill



Training for telephone canvassers is important, yet there are few courses

MARKETING by telephone has made the leap across the Atlantic, but cannot yet be said to have "come of age" in Britain. US-style "telemarketing" or telephone selling remains an infant industry in the UK, facing problems of culture as much as administration.

While two-thirds of all expenditure on direct marketing in the US goes on telephone marketing, the majority of telephone marketing companies in Britain have sprung up in the past two to three years.

Most of the outbound telephone marketing in the UK is conducted business-to-business rather than business-to-consumer. The simple explanation for this emphasis is that businesses are reachable by telephone for eight hours a day and consumers for three.

But there are other reasons for the immaturity of the consumer market. Mr Simon Roncoroni, general manager of British Telecom's outbound service Telecom Telemarketing, says: "Most customers in the UK don't complain, and you suddenly lose business. On the other hand, British marketing tends to be very blinkered. Industry does not want to hear complaints."

Mr Roncoroni suggests that telephone marketing can be used as a measuring device for the effectiveness of other media. A customer given an opportunity to complain may then be mollified and persuaded to buy something else.

He cites the example of General Electric in the US, which now puts a telephone number on every product to encourage consumers to complain.

British companies are far from such "customer awareness," and British consumers on the whole do not welcome telephone sales which they see as an invasion of their privacy. (Whereas potential customers in the US answer the phone with a cheery "hello," in Britain it is more likely to be with the number called, thus setting an instant psychological barrier.)

Despite such limitations, telephone marketing in Britain appears to be growing by leaps and bounds. At the forefront are British Telecom's inbound telemarketing service Telecom Tan and its outbound service, Telecom Telemarketing.

Telecom Tan, which handled more than 600,000 calls in 12 weeks during the British Tele-

Infant industry has culture problems



com notation in late 1984, used sophisticated computer technology to allow potential customers access to information.

The onus is initially on the customer to ring in, having made note of a telephone number placed prominently in an advertisement. The call could end in a completed purchase, or simply provide more information to complement the advertisement.

Telecom Tan has recently increased its capacity to be able to handle more than 8m calls this year, and Mr Clive Bailey, group marketing director, says its client base grew by more than 100 per cent last year.

Inbound telephone marketing

has a head start over outbound calls, however, is the consumer's interest in the product has already been stimulated. Outbound marketing often achieves this through direct mail-shot.

Consumer antipathy to "junk mail" may be reduced by careful targeting by the company using telephone marketing. Opinions vary as to whether telephone marketing is necessarily complemented by information through the post.

"If you compare the costs of different (marketing) media, on a unit cost basis a telephone is probably the most expensive," says Mr Roncoroni. "As a result, it should be extremely carefully targeted."

The Institute of Marketing, the professional marketing body in the UK, has a membership of some 21,000 companies and offers training courses in telephone and other forms of marketing. It also acts as a broker, taking clients' needs and matching them with marketing consultants.

"As companies are beginning to realise they have to be market aware so they are beginning to realise they have to target marketing very precisely," says Mr Ian Griffiths, director of marketing.

Dina Thomson

Many companies are coy about the extent to which they are prepared to be seen to consider telephone marketing. One of the advantages is that such marketing is invisible—the competition does not know what you are doing, suggests Mr Roncoroni.

Training for telephone canvassers is extremely important. Yet there are few courses, and most companies do their own training.

Telemarketers not only train their own employees but offers test packages for potential clients. These cost approximately £1,250 for work completed over three to four days.

The growth of telephone marketing in Britain has been accompanied by mounting concern over the way some companies appear to be using the guise of market research to obtain names and addresses.

The British Direct Marketing Association (BDMA), the leading trade association representing both traders and service companies using direct marketing, is revising its guidelines on telephone marketing in conjunction with the Office of Fair Trading (OFT).

Dina Thomson

Head start maintained by US size



THE FINAL reminder in a recent US Republican Party mailing to raise funds from supporters who had been lax in regular contributions to party coffers begins: "I wouldn't want to be the one who has to tell the President."

US organisations have realised the possibilities of receiving a measurable response to advertising in the last decade and political parties, financial organisations, charities and even consumer durable manufacturers have turned towards this attractive marketing.

Where the US has led, the rest of the world has followed. British consultant Mr Glenmore Trehear-Harvey suggests that the US still has the advantage of a head start, however. Because of the size of the country there will always be more opportunities to sell.

"New techniques are more easily tested on a population of 250m; media is cheaper and there are more opportunities," Mr Lee Graham, president of Scall McCabe & Sloves Direct in

the US, points to growth in areas such as health care and fast-moving consumer goods.

"Changes in government rules concerning the reimbursement for medical costs has led to an explosion as companies rush into the field of health care," he says.

"But this is just the latest in a long line of industries to discover the applications of direct marketing. In the late 1970s, the beginning of financial deregulation led to an explosion in the banking, broking and insurance sectors. And in 1984, when the AT&T monopoly was broken up, there was a flurry of activity."

One of the big success stories is General Foods' venture into the direct marketing of packaged goods.

Wundermans, their agency, persuaded them to set up a "coffee club" styled along the lines of a book club. Customers were sent a pottery jar and received through the mail a supply of Gevalia, a speciality Swedish coffee. General Foods is now exploring selling other

visually as well as verbally.

"A controversial technological development has been computerised telephone selling. The consumer is telephoned at home by a computer with a recorded sales message and offered an opportunity to respond."

This depersonalised approach to selling has been banned in some states as an infringement on personal privacy.

In Europe, technology has been applied in different ways. The "smart card" — a credit card with a microchip, is already in wide use throughout France.

Information is collected at the point of sale about the customer. The firm purchases the location from which it was bought. This data is invaluable to the direct marketer in setting up a mailing list.

A Europe-wide campaign can be successful once the most applicable list is prepared, says Ms Ruth Naylor-Smith of international specialists Mardev.

"There are 380m consumers in Europe, making the poten-

tial market 30 per cent bigger than the US," she says.

Mr Tim Steele, formerly of Sony and TBWA, and who was responsible for setting up the Diners Club direct mail campaign says. In spite of 10 per cent of the population moving each year and the right mailing lists being almost impossible to come by, he is optimistic.

"Companies which sell technological products make sales to the same 5 per cent of the population year after year. Product after product. Lists can therefore be built up and regular contact made with the client."

"This kind of multinational marketing is possible with any item which can transcend cultural barriers — fashion, cars, computers."

Most major US and UK advertising houses are developing links with or buying subsidiaries on the Continent to steer their way around language, legislative and psychological impediments.

Percie Crowshaw

Montreux Direct Marketing Symposium & Exhibition

Publishing Program 1986

The Montreux Direct Marketing Symposium is the world's leading forum of exchange of information and knowledge about today's marketing practices and tomorrow's opportunities.

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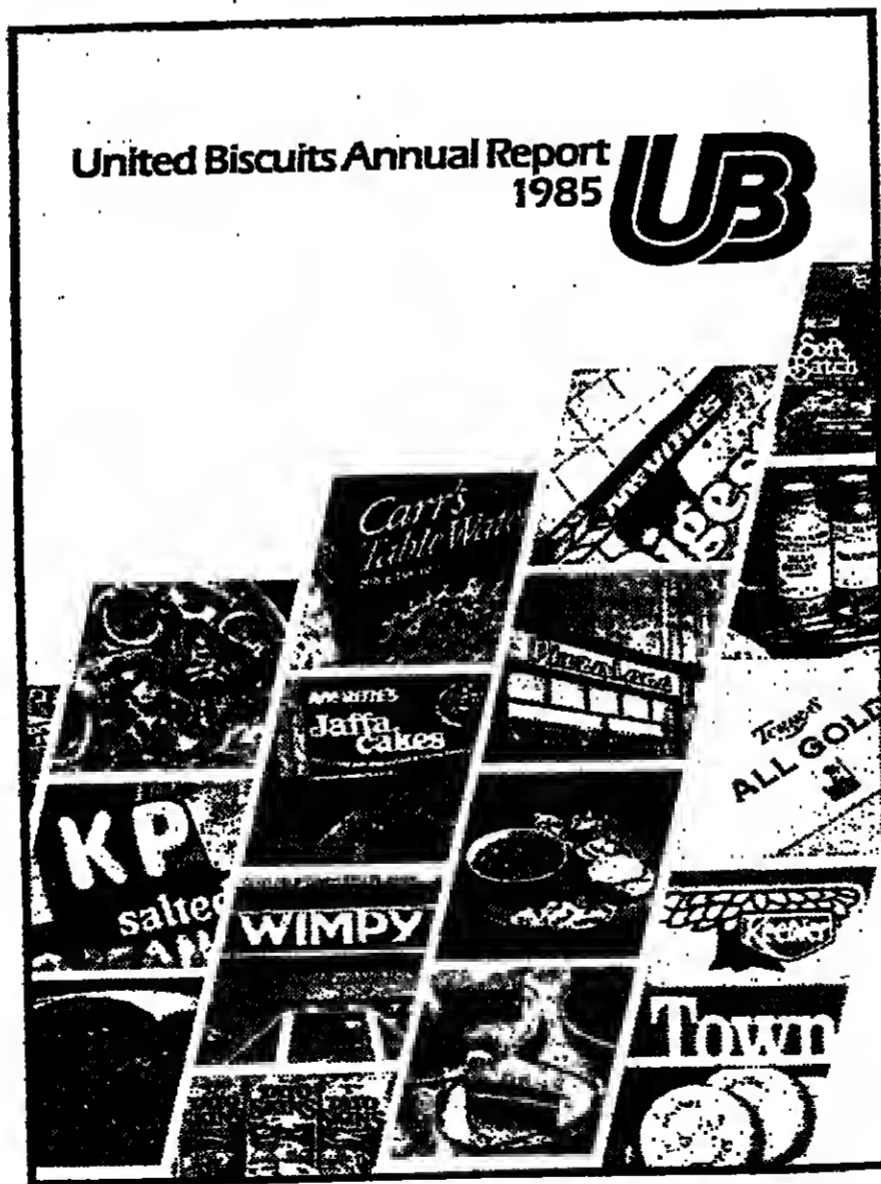
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FINANCIAL TIMES

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Tuesday April 15 1986

Hard choices for Israel

THE WEEKEND'S sudden truce in the government crisis in Israel tells us more about the politics of disintegration than about the economic measures required to achieve price stability in a hyperinflationary society.

Old adversary
Thus, Mr Shimon Peres, the Israeli Prime Minister, would presumably have loved not only to pour extra funds into struggling businesses belonging to the Histadrut labour federation, which has long been allied to his party.

Testing time for Mr Ridley

THE BRITISH and American governments claim to share the same beliefs about the importance of free trade and competitive markets. Why then is there so much friction between the two countries over the issue of air transport?

Stronger contestant
Mr Ridley should feel somewhat embarrassed in coming months as his officials debate with their US opposite numbers lists of bureaucratic controls on which airlines can operate on which Atlantic routes and how many flights they can offer.

There is a mood of self-congratulation creeping into defence relations between the US and Europe, pursued by worry. The congratulations come because, after a long period in the doldrums, relations do at last seem better across a wide front.

Defence budget
There is only one way Israel can be assured of overcoming its dismal inflationary history. It must go much further than it has done so far in cutting budget deficits and public spending.

Many sides of Holmes à Court

It would be a shame if observers of the Australian business scene have to shift their attention from the Bell group's Robert Holmes à Court, who has been in the news since the death of Elders IXL, John Elliott.

Banker's book
Bankers are supposed to balance books; they are not so well known as avid readers of them. But Sir Jeremy Morse, chairman of Lloyds Bank, has been persuaded by Jenny Hargreaves of the BBC World Service to contribute to the series.

Outsiders
I hope Morse's reading includes The Racing Post, the nation's first Arab-owned national newspaper which hits the streets today.

European companies have often been successful because they have something unique to offer.
over 3,500 systems, worth some \$900m. For component manufacturers like Ferranti, the rule has been that success comes only through partnership with US prime contractors.

Men and Matters
paper. For yesterday's Sporting Life brought us the completely false news that Morse has lost his job. Referring to Colonel Sir Hugh Brassey, the Sporting Life describes him as Lieutenant of the Yeoman of the Guard, and chairman of the Beaufort Hunt.

Oil Light

While other oil ministers from the Organisation of Petroleum Exporting Countries head weekly for yet another prolonged, and probably useless, negotiating session at Geneva's Intercontinental Hotel, the Kuwaiti oil minister, Sheikh Ali Khalifa Al-Sabah, found time to talk oil yesterday in the City of London.

Press card
Nigel Lawson, Chancellor of the Exchequer, reminded government, union, and industrial representatives attending yesterday's meeting of the National Economic Development Council (NEDC) that he and I had attended every meeting of the council since it was set up in 1962.

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Bank of Scotland 11%
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Cayser Ltd. 11%
Cedar Holdings 11%
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Robert Fraser & Pits. 11%
Grindlays Bank 11%

ATLANTIC ARMS TRADE: THE TWO-WAY STREET

Improvement may yet be a mirage

By Bridget Bloom, Defence Correspondent

ATLANTIC ARMS TRADE: THE TWO-WAY STREET. There is a mood of self-congratulation creeping into defence relations between the US and Europe, pursued by worry. The congratulations come because, after a long period in the doldrums, relations do at last seem better across a wide front.

European companies have often been successful because they have something unique to offer. over 3,500 systems, worth some \$900m. For component manufacturers like Ferranti, the rule has been that success comes only through partnership with US prime contractors.

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controversial amendment to the Appropriations Bill—not, in the end, passed—threatening withdrawal of some US troops from Europe unless more was done by European governments to improve conventional forces.

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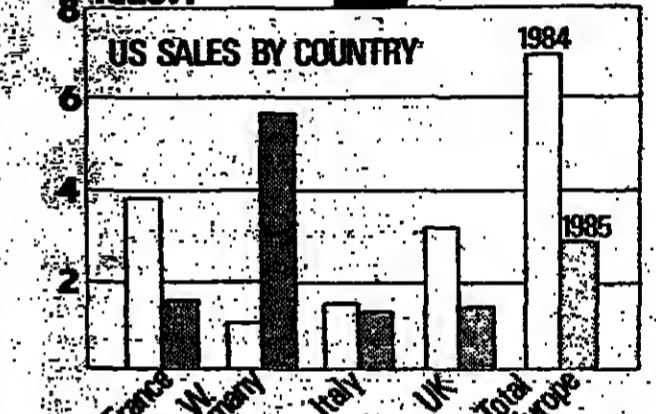
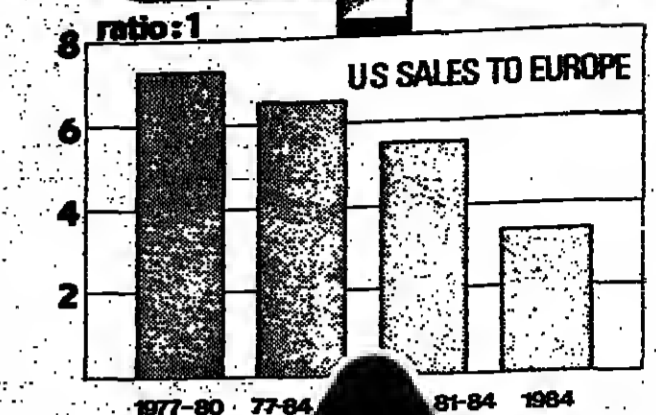
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Source: Armed Forces Journal/US Defence Department.

Donald Hicks, who as Defence Under-Secretary in charge of research and analysis at the Pentagon has done much to improve transatlantic defence relations recently, explained what the offer meant.

Table with multiple columns listing various banks and their base lending rates, such as ARV Bank 11%, Allied Dunbar & Co. 11%, etc.

Observer logo and other publication details.

Letters to the Editor

Simplistic, 19th century unpopular capitalism

From the Chairman, Tullis Russell
Sir—In case Rodney has not had the time to reply to George (Lombard, April 7) I suggest the following as a draft.
Dear George, In your extraordinary letter under the title 'Unpopular capitalism' you attacked the idea of profit-sharing and assumed—wrongly—that as a Chief Executive or long standing, would agree with you.

would have limited your people against you.
It is true that labour is partly people's time, and that the time can indeed be bought in definite quantities for definite prices, which are fixed in the market, give or take the odd distortion due to union power, and unwillingness to move, etc. To this extent labour is indeed like copper.

with people as they are.
You may feel that I am over-reacting. That you don't need to inspire people. That you can hire your 'labour', train 'it', pay 'it' the minimum required to keep 'it' perhaps threaten 'it' with the sack if 'it' doesn't perform, and then sit back and wait for the profits—sorry, the 'shareholders' profits—to roll in.

from profit than if he does not.
As a shareholder he can certainly vote against me—but I shall make sure he does not tell me how to run the business, any more than you, as one of my shareholders, do. Certainly it may be less comfortable to deal with employee shareholders than to deal with City shareholders—but frankly I am not so sure! Have faith in my ability to deal with the political aspects of my job, George.

Oil exploration and tax

From Lord Ezra
Sir—I wish to support the conclusion reached by Mr Max Wilkinson in his article on world oil (April 11). The dramatic fall in the price of oil has begun to have an adverse impact on the level of oil exploration in relatively high cost areas such as the North Sea. This is inevitable under present arrangements,

which link exploration with the petroleum revenue tax.
A change in the fiscal regime for stimulating exploration is now desirable. Otherwise we might find ourselves with diminished productive capacity at a time when the oil could well be needed more than it is at present.

Inadequately prepared exam

From Mr P. Anderson
Sir—I must take issue with the notion in your leading article of 9 that we are entering a period of relative calm in our state schools.

peramental examination should be brought to a halt.
I am a parent of a child who is due to take the new GCSE examination in June 1986. Some of his teachers are refusing to teach the new syllabus, as they maintain the examination has been inadequately prepared, and there are insufficient funds for required new books and equipment. I may be taking this situation calmly but I and many other parents are certainly not!

Undisciplined accountants

From the Vice-Chairman, British Railways Board
Sir—The letter you published on April 8, from the Under-Secretary, Chartered Association of Certified Accountants, highlights the confused and confusing state of the accountancy profession in the UK today.

to this confusion the profession's inability to agree on fundamental issues such as accounting for changing price levels and emerging uncertainty about the role of auditors, no wonder clients and potential new entrants to the profession are confused and that there is scope for unqualified accountants to increase the confusion.

Budget handouts or tax reform

From the Chairman, Wider Share Ownership Council
Sir—Your editorial (April 8) rehearses the compelling arguments, both logical and practical, for replacing the present income tax regime with the expenditure tax alternative. Surely, however, you are seriously adrift in saying that with the proposed introduction of personal equity plans, Mr Lawson took a significant, if unadmitted, step in this direction.

process in that the investor's ability to tax for the year concerned is reduced by the amount of the investment; and this also (as the council has again repeatedly pointed out) is precisely the step taken by the present Chancellor in introducing the business expansion scheme.
Both these schemes, therefore, were steps in the direction of an expenditure tax. What the Chancellor has done, however, is to concentrate his tax relief on dividend income and capital gains. Although FEPs are naturally welcomed by this council as a further encouragement for wider share ownership, in the strict context of your editorial the step Mr Lawson has taken would more properly be described as retrograde.

Hypermarkets and the battle for Wimbledon

From the Chairman, Development Committee, London Borough of Merton
Sir—Mr N. Rennie (April 9) commented that your article on Wimbledon town centre was timely. In that I can only agree it is unfortunate, therefore, that it should carry on to exaggerate and misrepresent the position.

cell by Communications Research last summer. The Greyhound proposals for Queen's Road, however, frustrate these policies. It is clearly not the Conservative administration which is acting 'despite the strong views of residents'. It is, indeed, policy that Wimbledon should have a high quality distinguished shopping centre.

Skeyhawk's proposals for the Queen's Road site cannot reasonably be described as 'Croydon-style'. Croydon is characterised by a large number of office blocks from about eight to over 20 storeys high, and a 1960s-style one-story shop-plot development. In contrast, the Skeyhawk proposal is for a modern covered, but naturally lit shopping centre, with only a small office content not above second floor level.

There are now proposals to site several hypermarkets along the A3, with some in the Green Belt. At the same time, Kingston are attempting to Croydonise their town centres. Each development seems to be considered separately, whereas common sense suggests that their combined impact needs investigation. From bow far



Efficient women and matters

From Mrs E. Parsons
Sir—On April 3 there was an item on efficient women under the heading 'Men and

Matters.' Do these women count as men or matters? (Mrs) Elizabeth Parsons, 11 Northam St, E9

A huge fall in unemployment

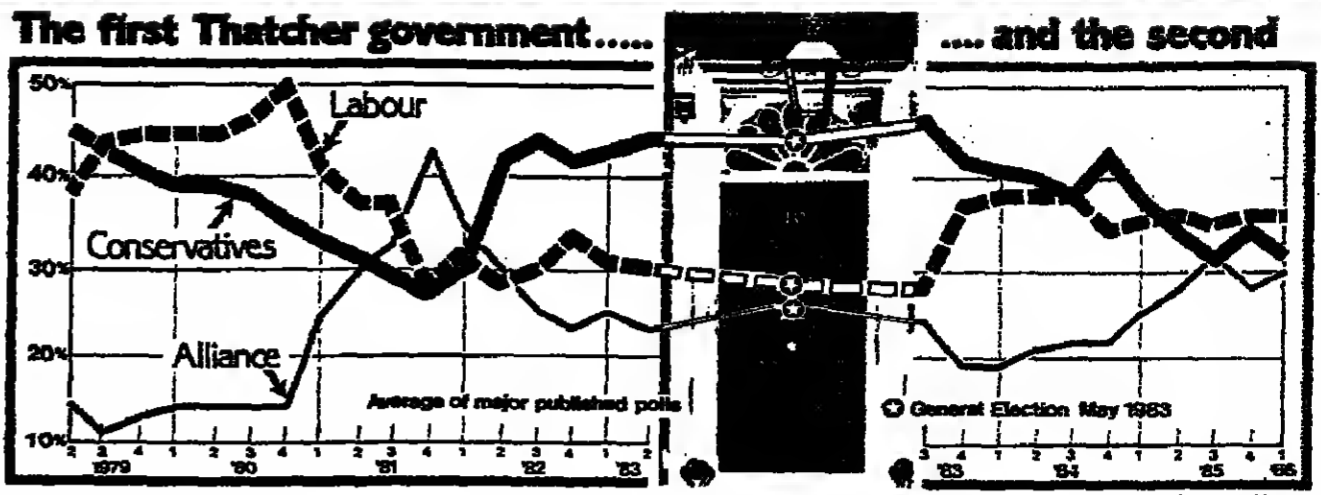
From Professor R. Layard
Sir—The discussion of unemployment benefits is grossly distorted when people like Mr Bennett (March 22) imply that most of the unemployed would not consider a job at, say, £100

Institute for Fiscal Studies). If we guaranteed a one-year job at around £100 a week to the adult long-term unemployed, I have no doubt that the majority would take it.

Nuclear power economics

From Dr L. Brookes
Sir—Debates about energy would be less stimulating if Professor Peter Odell March 23 and April 9 were not around. Unfortunately much of the stimulation arises from exaggeration. It is really saying that for the next several decades the CEBG will be able to buy coal and heavy fuel oil in 100 million ton pa quantities at prices only one third of the current price.

turn to nuclear fuels in that event than we were on the previous rounds.
Nuclear energy was an economic proposition before the energy price hikes of the 1970s because, although the alternative fossil fuels were cheap, capital plant costs were much lower in real terms. Some writers from the nuclear industry predicted that high fossil fuel prices would be bad for nuclear power because they would push up capital costs and lead to an economic downturn and a slump in orders for power plants, and this is indeed what happened. If we are now to see a return to lower energy prices we should also see the fall in capital costs which tends to favour capital-intensive systems like nuclear power, and rates of economic growth to produce the economies of replication that have eluded nuclear power construction in all but a few countries, and the conversion of the economic case for new nuclear plants into one for new firm power instead of system cost savings alone.



Mid-term messages

By Peter Riddell, Political Editor

AS Mr Nick Raynsford took his seat on the opposition benches in the Commons yesterday afternoon, one crucial question might have worried Labour strategists. Will his Fulham by-election victory last Thursday at last give Labour the impetus to move clearly ahead of the other parties in the opinion polls?

King of Essex University has shown, on the basis of Gallup data, that all seven governments since the mid-1950s have suffered a mid-term slump in their popularity. This has varied between a loss of 16.5 percentage points for the 1966 Wilson administration and 2.1 points for the Callaghan government.

party in a hung parliament, if not outright victor.
The opposition parties can, however, comfort themselves with the Market and Opinion Research International figures showing greatly increased dissatisfaction with Mrs Thatcher's performance as Prime Minister. There is also more concern about issues such as education and health on which Labour traditionally scores better than the Tories.

Nothing is predictable in three-party politics. But the evidence of past parliaments is that Labour needs to have a higher opinion poll rating than its current standing to have a realistic chance of office.

Since the 1983 general election, the story of the polls has been primarily one of Labour frustration, after an initial recovery, and then of shifts mainly between the Tories and the SDP/Liberal Alliance. Labour has been stuck in an unusually narrow range of 35 to 37 per cent.

Some Labour strategists believe that its rating needs to be well above 40 per cent now if the party is to have the necessary cushion of support in the pre-election period. On this view, Tory support could recover thanks to a continued rise in living standards, tax cuts, the possibility of a flattening out of unemployment and the avoidance of controversial legislation after the current session.

By-election successes like Labour's at Fulham are a poor guide to the outcome of subsequent general elections—even more so now with a more complicated electoral pattern than just Labour versus Tory. But such victories do have a psychological impact.

However, in the current parliament, party support has shown less variation as three-party politics has become established. Initially, though, in the autumn of 1983, after the election of Mr Neil Kinnock as party leader, there was a sharp rise in Labour support to over 35 per cent from the historically low level of 28 per cent in the 1983 election. This was at the expense of the Alliance as Tory support remained high.

Moreover, government fortunes are usually at their lowest and those of the main opposition parties at their peak during a mid-term period, before ratings narrow as an election approaches. Professor Anthony

All but a handful of opinion polls over the past year have implied a hung parliament with Labour as the largest single party. But, given past mid-term and the uncertainties of three-party politics, a continued Conservative majority is equally plausible.

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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday April 15 1986



Elf curtails spending in wake of oil price fall

By Paul Betts in Paris

ELF AQUITAINE, the state-controlled oil group and France's largest enterprise, expects to lose FF1.6bn (245m) in cash flow this year because of the collapse of oil prices. This has forced it to make substantial cuts in its exploration and general investment budget to cover the cash flow decline.

Banks upset over Screg

By David Marsh in Paris

TOP FRENCH banks have been upset by the failure of leading foreign banks based in Paris, including Citibank of the US and Barclays of Britain, to take part in a loan restructuring operation for Screg, the troubled building group which has just passed to the control of Bouygues, the country's biggest construction company.

Deutsche Bank boosts profits

By Jonathan Carr in Frankfurt

DEUTSCHE BANK, West Germany's biggest bank, has sharply increased earnings again this year after achieving record operating profits in 1985 believed to have totalled more than DM 4bn (\$1.5bn) in the group and DM 2bn in the parent company.

DEUTSCHE BANK of West Germany is raising its stake in the troubled European Asian Bank (Eurasbank) from 60 to 75 per cent, and would like to gain full control by acquiring the remaining 25 per cent from Creditanstalt-Bankverein of Austria.

Swiss bank lifts year-end earnings 10%

By William Duffin in Geneva

PARIBAS Suisse, the Swiss bank jointly controlled by Paribas and Groupe Paribas of Paris, increased its net earnings by 10.8 per cent to SF1.75bn (\$354m) last year.

Sparkling results put Moët ahead by 27%

By Paul Betts in Paris

MOÛT-HENNESSY, the leading French champagne and cognac group, showed a strong profit rise last year, with net earnings increasing 27 per cent over the previous year and consolidated sales up 12 per cent.

Chase Manhattan achieves 7.5% earnings rise

By Paul Taylor in New York

CHASE MANHATTAN, the third largest US banking group, yesterday reported a 7.5 per cent gain in first-quarter net earnings, which grew to \$144m, or \$1.63 a share, from \$134m, or \$1.48, in the year-ago period.

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Group raises Warnaco offer

By Our Financial Staff

W ACQUISITION, the Los Angeles investor group, has again raised its offer for Warnaco, the US clothing retailer, in a bid battle that is being closely watched on Wall Street.

Olivetti set to conclude Triumph-Adler deal

By Alan Friedman in Milan

OLIVETTI, the leading Italian office automation group, is hoping to conclude in the next few weeks its talks with Volkswagen of West Germany on the acquisition of VW's Triumph-Adler office equipment subsidiary.

Gordon Parker is making his influence felt at mining group

By Stefan Wagstyl in London

MR Gordon Parker, chairman and chief executive of Newmont Mining, is steadily stepping out of the shadow of his predecessor, Mr Plato Malozemoff.

This announcement appears as a matter of record only.

Eurocommercial Paper Programme

New Zealand Meat Trading Company Limited

unconditionally guaranteed by

Bank of New Zealand

in conjunction with

S.G. Warburg & Co. Ltd.

Her Majesty the Queen in right of New Zealand

April, 1986

INTL. COMPANIES & FINANCE

Solution sought for SIA's foreign holdings problem

By CHRIS SHERWELL IN SINGAPORE

SINGAPORE International Airlines (SIA), currently facing criticism from investors abroad over its 20 per cent ceiling on foreign shareholdings, has been asked by the Government to work out a solution to the problem.

The request comes from Temasek Holdings, the biggest of the Government's three major holding companies and SIA's largest shareholder, with 83 per cent. It follows a surge in foreign shareholdings since the airline made its first public share offer in December last year.

SIA's shares, issued at S\$5 (US\$2.29), rallied from a low of S\$3.98 after the December stockbroking crisis to hit S\$6.85 on foreign buying interest. But the price has fallen back to S\$5.75 since the implications of the ceiling were recognised.

A resolution of the issue is important because prospective foreign buyers of SIA shares want assurances that any stock they purchase will be properly registered for dividends. Because the 20 per cent ceiling has already been reached those assurances cannot be given, and even sales could be affected.

The problem coincides awkwardly with the expiry on Thursday of the 120-day time limit on the sale of just over 40m SIA shares which were privately placed abroad. Few bankers or brokers are prepared to predict what will happen, but some of the more frustrated ones say the whole affair could hurt SIA's hopes for a foreign listing.

Temasek's request to SIA comes in response to an approach from the airline recommending that the 20 per cent ceiling, set by the airline

Australia may tighten takeover regulations

By Emilia Tagatz in Canberra

A REPORT commissioned by the Australian National Companies and Securities Commission (NASC) which found that corporate takeovers generally led to a deterioration in the performance of the merging firms, could lead to tougher takeover laws.

The report was released yesterday amid the brightening battle over control of Broken Hill Proprietary (BHP), Australia's largest corporation.

It analysed the performance over time of Australian listed companies involved in takeovers and found there was no strong evidence to suggest that takeovers led to an improved performance of the acquiring firms, or to higher relative returns to shareholders.

The BHP battle and the recent rash of takeovers are expected to hasten the passage in the Federal Parliament of government amendments to existing legislation. The amendments propose the prohibition of the use of escalation clauses which guarantee early sellers a share of later higher prices, and the banning of pro-rata offers for a fixed proportion of a company's equity.

The NASC, which helped formulate the proposals, had argued that escalation arrangements favour institutional shareholders at the expense of small individual investors. It said pro-rata offers create a stampede effect, forcing shareholders opposed to the partial takeover to accept the bid to avoid being locked into a minority position.

and its advisers at the state-controlled DBS Bank, be raised.

The airline has in turn been asked to study what it would do if a new, higher limit was reached again. The clear implication is that a limit of some sort will remain, principally because the Singapore Government would like to be sure that at least some private Singaporeans can hold the shares.

Bankers say this is misguided, and argue that there is no need for shares to be reserved in this way, especially if a listing abroad is to be sought.

It is also clear that the Government intends to retain control through a majority stake in the company, even though this is not essential and other mechanisms, such as the "golden share," are available to ensure control.

Pan-Electric director arrested

By OUR SINGAPORE CORRESPONDENT

MR PETER THAM, wanted by the Singapore Government in connection with the collapse of Pan-Electric Industries and the associated stockbroking crisis, was arrested at the country's airport early yesterday and is expected to appear in court later this week.

The arrest concludes a search which began when Mr Tham mysteriously disappeared last year, well ahead of the debate which rocked the island state's stock market, broking industry and banking sector.

The 37-year-old businessman was a director of Pan-Electric, chairman of Growth Industrial Holdings, which had a 31.6 per cent stake in Pan-Electric, and managing director of Associated Asian Securities, a local broking firm. None of the three concerns is still in business, and Singapore is still experiencing the repercussions of the reorganisation.

Mr Tham returned to the island state on a Singapore Airlines flight from Tokyo accompanied by two officers of the Commercial Affairs Investigation Department, part of the

Ministry of Finance. His return was described as voluntary, but it is not clear how he left the US, where he was last seen, and arrived in Tokyo.

Mr Tham is likely to face charges of criminal breach of trust and stock market manipulation. Mr Tam Kok Liang, another Pan-Electric executive, is already serving a 15-month sentence in prison while Mr Tan Koon Swan, the Malaysian Chinese businessman and politician, is due to face trial next month on similar charges.

Nintendo boosts net profits 40%

By Yoko Shibata in Tokyo

NINTENDO, the Japanese home computer game manufacturer whose shares have risen dramatically on the first section of the Tokyo Stock Exchange in recent months, has reported a modest 5.4 per cent growth in pre-tax profits to ¥15.62m for the first half year.

Net profits, however, soared by 39.7 per cent to ¥6.48m (\$57.7m) on the basis of sales which rose 51.1 per cent to ¥36.08m (\$313m).

Shares in Nintendo, originally a maker of playing cards, rose from ¥4,230 last September to over ¥10,000 last week.

This year the company is forecasting full year profits of ¥32.1bn, up 43.2 per cent.

Abu Dhabi insurer steady despite marine side fall

By ANGELA DIXON IN DUBAI

PROFITS at Abu Dhabi National Insurance Company (Adnic) held almost steady in 1985 at Dh 103.1m (\$28m) against Dh 104.5m, despite a steep drop in marine and aviation business. Premiums in marine and aviation dipped by 32 per cent, while profits in the division decreased by 30 per cent from Dh 18.5m in 1984 to Dh 14.1m.

Adnic's share of paid and outstanding M and A losses increased in 1985 from Dh 9.6m to Dh 11.8m, while reserves for unexpected risks increased by 4 per cent.

The figures reflect the greatly reduced activity in Abu Dhabi's oil industry. The number of offshore rigs maintained by the state oil company is expected to reach a low of five by the end of this year, from an earlier total of 15 or 16.

Adnic is one of four national UAE insurance companies entitled to handle the business of the Abu Dhabi National Oil Company (Adnoc) and its subsidiaries. The others are Al Ain Abha, Al Dhafra and Emirates National.

Adnic, however, handles the vast majority of this business, and so its decline has had a marked effect on Adnic's marine results.

Profits in the fire and accident division, however, increased marginally to Dh 33.4m from Dh 32.7m.

Adnic declared a dividend of Dh 45m.

Reliance Industries lifts payout to 50%


By R. C. Murthy in Bombay

RELIANCE INDUSTRIES, the chemicals and diversified group which is India's fastest-growing company, has raised its dividend for 1985 to a record 50 per cent. The company is to disburse Rs 257.5m (\$26.5m) in preference and equity dividends to more than 1m investors.

Reliance's profits increased by 17.7 per cent last year, to Rs 7.11bn from Rs 6.04bn. Gross profit surged 26.9 per cent to Rs 7.96bn from Rs 6.27bn. Net profit rose 28.5 per cent to Rs 713.6m.

Reliance's Rs 10 shares responded to the results by posting an increase of Rs 19 to Rs 313.

This announcement appears as a matter of record only. March, 1986



TÜRKİYE CUMHURİYET MERKEZ BANKASI
(The Central Bank of the Republic of Turkey)

U.S. \$100,000,000
Commercial Paper
Letter of Credit Facility

Letter of Credit Bank
The Industrial Bank of Japan, Limited
New York Branch

Participants

The Daiwa Bank, Limited The Industrial Bank of Japan, Limited
Midland Bank plc The Saitama Bank, Ltd.
Arab Banking Corporation (ABC) Banco di Napoli
State of Bahrain
The Bank of Yokohama, Ltd. Banque Bruxelles Lambert S.A.
Banque Indosuez Generale Bank
Istanbul Branch New York Branch
The Gulf Bank K.S.C. Holantse Bank Üni N.V.
Kuwait Istanbul Branch
Mellon Bank PKbanken International (Luxembourg) S.A.
Société Générale The Tokai Bank, Limited

Commercial Paper Dealer
Goldman Sachs Money Markets Inc.


Depository, Issuing and Paying Agent
Morgan Guaranty Trust Company of New York

Arranger and Facility Agent
The Industrial Bank of Japan, Limited

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U.S. \$100,000,000
8¾ per cent. Depository Receipts Due 1991

issued by The Law Debenture Trust Corporation p.l.c. evidencing entitlement to payment of principal and interest on deposits with



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Deutsche Bank Capital Markets Limited First Chicago Limited
Fuji International Finance Limited Manufacturers Hanover Limited
Mitsubishi Finance International Limited Samuel Montagu & Co. Limited
Morgan Stanley International Nomura International Limited
Orion Royal Bank Limited PaineWebber International
Saitama Bank (Europe) S.A. Salomon Brothers International Limited
Sanwa International Limited Shearson Lehman Brothers International
Société Générale Sumitomo Finance International

April 15, 1986

General Motors Corporation
has acquired a controlling interest in
Group Lotus PLC
from
British Car Auction Group PLC
and
JCB Investments Ltd.
and certain related shareholders

The undersigned initiated this transaction and acted as financial adviser to British Car Auction Group PLC and JCB Investments Ltd.

Bankers Trust Company

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£100,000,000
Floating Rate Notes Due January 1998

Notice is hereby given that the Notes will bear interest at 107½% per annum for the interest period 14 April, 1986 to 14 July, 1986.

Interest payable on the relevant interest payment date, 14 July, 1986 will amount to £130.11 per £25,000 Note and £8,505.57 per £250,000 Note.

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London

April 15 1986

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London

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CITIBANK

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INTERNATIONAL COMPANIES and FINANCE

INTERNATIONAL BONDS

Denmark fills gap in zero market

BY CLARE PEARSON

THE EUROBOND markets were generally quiet yesterday although traders reported a firm upturn.

Denmark launched a \$150m zero-coupon bond maturing in 1991 and with a price of 99 per cent. At issue the bond yielded 7.37 or 23 basis points over US Treasury bonds.

British Oxygen launched a \$100m 10-year issue which will be used to reschedule some outstanding short-term debt.

Recent issues in dollars have been launched with coupons of 8 per cent and below. Despite the generous spread provided by this bond, some bankers felt the call option would reduce its attractiveness.

Alaska Housing Corporation, an Alaska state agency, launched a \$100m issue, \$48m of which is made up of serial bonds maturing between 1989 and 1994, and \$52m of 15-year bonds. The issue is in targeted registered form.

All the bonds pay interest at 8 1/2 per cent and are priced at 100. The issue is secured by an Industrial Bank of Japan letter of credit and has the collateral of US Government housing finance agency securities.

The 15-year bonds may be called in year 13 at 102, declining by one point a year thereafter. A sinking fund will give an average life of between 12 and 13 years.

Associates Corporation, the US finance company, issued a \$125m 10-year 7 1/2 per cent bond at 100 1/2, giving a spread of 10 1/2 basis points over US Treasury bonds.

Salomon Brothers launched the eighth in a series of warrants into US Treasuries. They are 250,000 warrants each exercisable into US Treasury 7 1/2 per cent 1990 at an exercise price of 107 1/2.

Late in the day Mazda, the Japanese motor manufacturer, launched a \$150m issue with a coupon of 7 1/2 per cent and price of 101 1/2. Datsun Europe led the deal.

After dramatic price rises last week, nervousness hit the French franc Eurobond market yesterday and prices fell by up to 1/2 point. Uncertainty over the direction of the market was increased ahead of the Bank of France's 1/2 point cut in its intervention rate to 7 1/2 per cent, announced shortly after close of business.

Belgium also launched a zero-coupon DM 200m 10-year bond. The price was 92.60 per cent, to give an effective yield of 6.64 per cent. In contrast to the fixed-rate deal, these terms looked generous, and the bond was quoted around the issue price.

Bank of Nova Scotia launched a DM 30m 10-year issue. The coupon was 5 1/2 per cent and the price 100. Commerzbank led the deal, which was quoted within fees of 2 1/2 per cent.

Dresdner Bank launched a DM 200m bond for BMW, the West German motor manufacturer. The issue has a life of 10 years and bears a coupon of 5 1/2 per cent, the lowest on a 10-year issue since the late 1970s.

The Kingdom of Belgium launched two bonds with CSFB-Effektenbank as lead manager. The first was a fixed-rate DM 250m issue with a coupon of 5 1/2 per cent, a price of par, and a life of 10 years.

The Swiss franc market saw mixed performances by seasoned bonds. The market seems to be suffering from an overhang of paper.

National Australia Bank launched a three-year issue with a coupon of 12 1/2 per cent. Issue price was 100 1/2. Orion Royal Bank led the deal.

Japanese banks face increased supervision

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance is planning to introduce tighter supervisory standards on Japanese banks' overseas fund management by implementing new monitoring measures including risk ratios, designed to match recent financial deregulatory measures.

The introduction of a liquidity ratio is designed by the Finance Ministry to deal with the sudden difficulties banks might encounter in raising foreign currency-denominated funds in the event of a credit crisis in the Euro market.

Japanese banks' foreign transactions in both fund procurement and asset management have gained considerable weight in recent years. For example, Japanese bank outstanding investments in foreign bonds have more than tripled in two years from \$6bn at the end of 1983 to \$20bn in 1985.

According to the MoF's focus on calculating foreign assets, interbank money market transactions such as deposits and call loans incur a risk weighting of 0.2. In securities, privately placed bonds are weighed at 1.0, publicly offered bonds at 0.1 for short-term

loans and advances are set at 0.5, medium-term/long-term overseas loans and advances 1.0 and export-import bills 0.2.

Off-balance sheet instruments, including revolving facilities, commercial paper back-up lines, floating-rate note back-up facilities and note issuance facilities all incur a risk-weighting of 0.1 for short-term commitments and 0.3 for long-term commitments.

Manufacturers Hanover plans HK mutual fund

BY DAVID DODWELL IN HONG KONG

MANUFACTURERS Hanover, one of the leading capital markets operators in Hong Kong, aims to set up a mutual fund in the first time giving individual investors access to the infant Hong Kong dollar capital market.

Such a fund is likely to be politically controversial, since it would be an indirect assault on the interest rate cartel operated by the Hong Kong Association of Banks, which makes retail banking highly lucrative in the territory.

The idea of a mutual fund has been dismissed until now, because of the government's policy of not allowing any move to undermine the interest rate agreement.

In recent months, however, there have been hints that the government is less than happy with the way the agreement is being operated.

The aim of the mutual fund proposed by Manufacturers Hanover, which could have minimum denominations as low as HK\$50,000, would be to attract individual class investors who at present must resort to the equity market or go offshore if they are to earn better than 3 per cent interest on savings they want to keep liquid.

The idea of a mutual fund has been dismissed until now, because of the government's policy of not allowing any move to undermine the interest rate agreement.

Hong Kong's domestic capital market, which is mostly made up of certificates of deposit (CDs) rocketed from HK\$360m in 1984 to issues worth HK\$7.2bn (US\$925m) last year. It is at present entirely institutional. The smallest denomination which can be traded is HK\$500,000.

Cartel members, prominently the Hongkong and Shanghai Banking Corporation and the Standard Chartered Bank, have defended the interest rate agreement on the grounds that it protects depositors from potentially destabilising interest rate wars.

Critics have complained that savers unwilling to risk their funds in the volatile local stock market have been forced into foreign currencies to earn reasonable returns. More than half of Hong Kong's money supply over HK\$480m as measured by M3—is now in currencies other than the Hong Kong dollar.

Mr Christian Aubin, Thomson's financial director yesterday said the S & P rating was extremely significant and would give the French group much greater access to tap US capital markets as well as increase its visibility in the American Phillips and foreign national investment community.

Although Thomson claimed it was purely coincidental that its S & P rating should be announced the very day after the new French Government announced its privatisation programme, the rating will clearly give the group an important term of reference for calculations of its worth for the purpose of privatisation.

Abbey Life loan facility to fund mortgage expansion

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE ABBEY LIFE insurance group of the UK is arranging a \$100m loan facility to finance expansion of its residential mortgage business in the UK. Led by Samuel Montagu, the deal will be arranged in the name of a recently incorporated subsidiary, Abbey Life Home Loans. It has an eight-year life though the maturity can be extended indefinitely for periods of a year at a time.

The advances will carry a maximum margin of 1/2 point over sterling money market rates, although lending banks will absorb the first 6 1/2 basis points of the cost of maintaining UK reserve requirements.

Standard Chartered issues sterling warrants FRN

BY OUR EUROMARKETS STAFF

STANDARD CHARTERED, currently the object of a takeover bid from Lloyds Bank, yesterday launched the first sterling floating-rate note (FRN) with warrants attached, allowing holders to buy a fixed-rate bond.

This is the second issue of sterling debt warrants following Bank of England approval of the concept last week. The first was a private issue for Denmark Creditbank last Friday. Credit Suisse First Boston led both transactions.

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The total package provides a cost of funds to the borrower significantly below Libor. Yesterday afternoon the FRN was big comfortably within fees at 99.95 and the warrants at 99.4.

The Ministry of Finance is understood to be preparing to introduce a dual system of supervision for banks, using separate criteria for short-term and long-term assets. Risk asset ratios will be applied to international assets, along the lines of those being adopted by the UK and the US authorities, and equity ratios, including hidden reserves, to domestic assets.

Euromarkets first for LA bank

By Our Euromarkets Correspondent

FIRST Interstate Bancorp of Los Angeles has become the first international borrower to offer medium-term notes continuously in the Euromarkets. The bank will issue up to \$150m of one to 15-year notes from London, Merrill Lynch and First Interstate itself will act as agents.

Under the concept of continuously offered notes, a borrower can post rates continuously for funding across a range of maturities. The system, which brings commercial paper techniques to the bond markets, is more flexible than a bond issue because borrowers tailor their funding to meet their specific needs at any time.

Continuously offered notes are a rapidly growing form of financing in the US domestic market. The World Bank recently announced a programme of up to \$500m in New York—but the idea has been slow to spread to the Euro-markets.

The notes will bear a fixed rate of interest paid semi-annually and will be sold in denominations of \$5,000 and \$10,000. The interest rate for the notes will be set at the time of sale and they will be priced at a spread over US Treasury bonds. Clearance will be through Euroclear and Cedel.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on April 14

Table with columns: US DOLLAR, OTHER STRAIGHTS, CONVERTIBLE, and various bond details including issuer, amount, maturity, and price.

Table with columns: DEUTSCHE MARK, STRAIGHTS, and various bond details including issuer, amount, maturity, and price.

Table with columns: SWISS FRANC, STRAIGHTS, and various bond details including issuer, amount, maturity, and price.

Table with columns: YEN STRAIGHTS, and various bond details including issuer, amount, maturity, and price.

Norsk Hydro a.s U.S. \$150,000,000

8% Notes Due 1996

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- List of financial institutions: Salomon Brothers International Limited, Swiss Bank Corporation International Limited, Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Banque Paribas Capital Markets Limited, Commerzbank Aktiengesellschaft, Crédit Commercial de France, Crédit Lyonnais, Credit Suisse First Boston Limited, Den norske Creditbank, Deutsche Bank Capital Markets Limited, EBC Amro Bank Limited, Enskilda Securities, Goldman Sachs International Corp., Hambros Bank Limited, IBJ International Limited, Merrill Lynch Capital Markets, Morgan Stanley International, Union Bank of Switzerland (Securities) Limited

San Miguel share move

By Samuel Senoran in Manila

THE GOVERNMENT of President Corason Aquino has authorised the transfer of 33.3m shares of San Miguel Corporation valued at \$185m which were sold by the Philippine Coconut Industry Investment Fund to a group led by Mr Andres Soriano III after it determined that the sale had been cleared by the Securities and Exchange Commission.

However, it ordered that the proceeds of the sale held under sequestration until the true owners of the Coconut Fund are identified.

Only one market dealer supplied a price. The yield is the yield on redemption of currency. The amount issued is in millions of billions. Change on week change over price the most.

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Excellent spread of offices and clients between Oxford and Aberdeen. Turnover £1.5m and very profitable business growing rapidly

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LONDON, WEST END 90 ROOMS PRICE £4.1 million Only principals and retained

Company Notices

GENERALE SOCIETE GENERALE DE BELGIE GENERALE MAATSCHAPPIJ VAN BELGIE Public Limited Company

The Management in advance... The Board of Directors... The Board of Directors... The Board of Directors...

Brussels, 15 April 1986. First official notice will be published on 15 April 1986 (in the Belgian Official Gazette on 15 April 1986).

NOTIFICATION TO SHAREHOLDERS COMPAGNIE GENERALE DES Etablissements MICHELIN

Michelin hereby gives notice that it will increase its capital by... The Board of Directors...

FRIENDS' PROVIDENT LIFE OFFICE NOTICE IS HEREBY GIVEN

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND FIFTY-THIRD ANNUAL GENERAL MEETING OF MEMBERS

THE NORTH CAUCASIAN OIL FIELDS, LIMITED

THE NORTH CAUCASIAN OIL FIELDS, LIMITED informs the holders of its shares...

THE ROWLANDSON ORGANISATION

requires additional outlets in the following areas in the Midlands...

RETAIL TRAVEL AGENCIES

A leading company already well established in the Travel Trade wishes to acquire one or more outlets in any area...

APPOINTMENTS

New Inchcape chairman

Mr George Turnbull, group managing director and chief executive, will succeed Sir David Orr as chairman of INCHCAPE after the annual meeting in June.

Mr Courtney Hayden has joined the board of ARLINGTON PROPERTY SERVICES. Formerly with Commercial Union Properties...

Mr Ian Dewitt has been appointed assistant director of telecommunications with BUTLER COX & PARTNERS.

Mr John Salise, who retired last year as a main board director of Marks & Spencer, has joined the board of ALLIED INTERNATIONAL DESIGNERS as a non-executive director.

Mr Phillip Wood is retiring as a partner of GREVENSON CO. LONDON STOCKBROKERS. Mr Wood joined Grevenson Grant in 1959, and for many years has been senior Gill-edged dealer.

PETRANOL has appointed Dr Norman A. White chairman of its board. Dr White became associated with the company in June 1985...

Mr Stewart Heap and Mr Rob Stirling have been appointed directors of BELL & HOWELL LTD, the European subsidiary

GOLD FIELDS COAL LIMITED

(Formerly The Clydesdale (Transvaal) Collieries Limited) (Incorporated in the Republic of South Africa)

Table with columns: Quarter ended, 31 March 1986, 31 December 1985. Rows: Total mined, Total sold, OPERATING RESULTS (tons 000), FINANCIAL RESULTS (R000).

NOTES: 1. Merger of the Operations of Apex and Clydesdale. Arrangement for the merger of Apex and Clydesdale was approved at general meetings of shareholders of both companies held on 5 March 1986...

Notice to the Holders of FIRST CHICAGO CORPORATION Floating Rate Subordinated Notes Due 1992...

Notice to the Holders of SWISS BANK CORPORATION Floating Rate Subordinated Notes Due 1992...

Notice to the Holders of THE FIRST NATIONAL BANK OF CHICAGO Floating Rate Subordinated Notes Due 1992...

International

FOR SALE: as going concern Peat moss factory

WITH APPROX. 500 ACRES MOORLAND Comprehensive modern machinery Situated in Republic of Ireland.

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IS THIS YOUR BUSINESS?

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Investor seeks acquisition in this area during 1987. £2 million available for profitable enterprise of low labour content and long term potential.

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Processing packaging company or plant sought. Plant size: minimum 20,000 sq. ft. Location: East Coast, Midlands or Home Counties North.

TOKYO NON-STOP advertisement with image of a jet airplane and Japanese text.

Japan Air Lines now brings Tokyo even closer to London. We are the only airline to operate non-stop flights from London to Tokyo, offering the fastest route to Japan from the U.K. The flights leave Heathrow at 19:20 every Tuesday, arriving in Tokyo, on Wednesday at 14:55 saving almost 6 hours on normal flight times. On all other days we offer one-stop flights from Heathrow to Tokyo via Anchorage, including two on Saturdays. And, of course, all our flights feature the Japanese hospitality and serene efficiency that have made us the world's number one international airline.

UK COMPANY NEWS

David Goodhart on Evered's takeover approach to McKechnie Testing time for the Abdullahs

AS THE takeover merry-go-round in the engineering sector turns once more it is difficult not to feel sorry for Dr J.M. Butler, the chairman of McKechnie Brothers.



Mr Raschid Abdullah (left), chairman, and Mr Osman Abdullah, vice-chairman of Evered

shareholders of its bid that McKechnie shareholders reject their board's earlier bid for Newman Tonks.

ent year rise over the past three years taking their average to 8.2 per cent. Dr Butler argues that margin comparison in different lines is not fair.

STC chief executive's £0.75m paper profit

By Lionel Barber MR ARTHUR WALSH, chief executive of STC, the telecommunications group, holds a paper profit of more than £750,000 on share options granted when he was appointed to rescue the company last September.

Mr Walsh, formerly with GEC Marconi, was offered 1m shares exercisable at 85p. STC closed last night at 153p, down 2p.

Hanson closer to victory as Imps recommends bid

BY MARTIN DICKSON HANSON Trust yesterday moved closer to formally clinching victory in the £2.8bn takeover battle for Imperial Group when the board of the tobacco, brewing business recommended shareholders to accept Hanson's terms.

(£11m gross) of dividend income. The company said yesterday that this would cover all the underwriting and other costs of mounting the bid and still leave a modest profit. This is believed likely to total £4m to £5m.

between Imperial and Hanson on the future management structure and policies of Imperial. It has been agreed that Hanson representatives will join the board of Imperial as soon as Hanson's offer goes unconditional.

Connells' cash call for £6.6m

BY ALICE RAWSTHORN THE ESTATE agents, Connells, which unveiled a 26 per cent increase in pre-tax profits to £2.5m yesterday, has joined the ranks of companies asking the market for capital through a rights issue for £6.6m to fund further expansion.

current financial year." The issue will release 3.3m ordinary shares for 205p each on a one-for-four basis. The Constantine family, which founded the company and has held 60 per cent of its equity since the flotation, will dilute its holding to 50 per cent after the rights issue.

erty, at a time when the rapidly expanding mortgage market has made money available to buy it. The affluent south east should be the chief beneficiary of the property boom, Connells, having ploughed the proceeds of its rights issue into further expansion in and around London.

Extel skirmishing intensifies

BY CHARLES BATCHELOR SKIRMISHING over the unusual £170m takeover bid for Extel, the business and sporting information group, from Demergor Corporation intensified yesterday.

merchant bank, and to the Takeover Panel about "unjustifiable stunts and innuendo" contained in Extel's weekend defence circular.

Lonrho industrial

Lonrho, the industrial, mining and agricultural group, has sold a portfolio of UK commercial, industrial and residential property for £53m in cash to Samuel Properties. The property, which are in excess of book value, would be used to invest in high-yielding businesses.

Mr Paul Spicer, a Lonrho director, said many of the properties were small firms scattered around the country

CANADIAN PACIFIC LIMITED NOTICE OF PARTIAL REDEMPTION TO THE HOLDERS OF U.S.\$50,000,000 9% COLLATERAL TRUST BONDS DUE MAY 1989

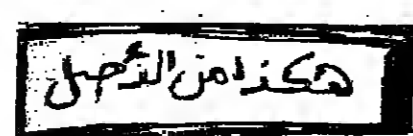
Dewhurst lifts growth to 32%

L. J. Dewhurst Holdings, which has Marks and Spencer as its major customer, has accelerated its growth rate to 32 per cent in the year ended January 17 1986, with pre-tax profit advancing from £4m to £5.3m.

of 0.52p. There is to be the usual scrip issue, again on a 1-for-5 basis to holders registered May 14.

At a major normal export market might be £2m. Although M and S's share of the group's sales slipped to 85 per cent compared with a historical norm of 90 per cent, the retailer obviously dominates and the developing toiletries division certainly has M and S in mind.

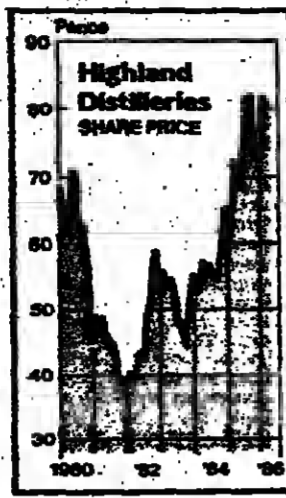
Town and County Finance Limited Guaranteed by Ladbroke Group PLC US\$75,000,000 Revolving Credit Facility



UK COMPANY NEWS

Highland Distilleries tops £5m at halfway stage

WITH ALL sectors of its business showing an increase, the Highland Distilleries group has pushed up its pre-tax profit by 12.5 per cent in the half year ended February 28 1986, from £4.7m to £5.03m.



comment Highland Distilleries' lot is not an easy one. Penetration of its home market continues to hover around saturation point, so it is from south of the border that it obtains its growth: yet as fast as it puts on sales, its increased profits are soaked up by a rising tax charge.

Increased support is being given to Highland Park, the single malt from the Islands of Orkney, and the new UK advertising campaign is under way.

Turnover in the half year rose 8.5 per cent to £59.06m while the gross profit improved 8.8 per cent to £5.05m. That rate of increase also worked through the operating profit, which was up from £3.9m to £4.23m.

For the full year ended August 31 1985, turnover was £101.27m, pre-tax profit £9.8m, earnings 5.2p, and the dividend total 1.98p per share.

Baile Gifford NAV down

Net asset value of Baile Gifford Technology fell from 107.4p to 94.6p in the 12 months ended February 28 1986.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Corres. Total, Last year. Includes companies like Fortnum & Mason, MCD Group, Melleware, etc.

NOTICE OF REDEMPTION

Chrysler Overseas Capital Corporation and Chrysler Corporation, Guarantor

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture Dated as of May 15, 1984 among Chrysler Overseas Capital Corporation and J. Henry Schroder Bank & Trust Company, as Successor Trustee, £7,000,000 in aggregate principal amount of the above equipment Debentures will be redeemed through operation of the Sinking Fund on May 15, 1986 (the Redemption Date) at 102% of the principal amount thereof (the Redemption Price) together with accrued interest at said Redemption Date.

Table listing the redemption schedule for Chrysler Overseas Capital Corporation, including columns for serial numbers and amounts.

Deutsche Bank, A.G. Boulevard Royal Luxembourg, Luxembourg. General Bank, 3 Montparnasse Paris 1600 Brussels, Belgium. Banca Commerciale Italiana, 5 Piazza delle Stellie Milan, Italy.

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 30% of any gross payments made without the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number.

Ellis & Everard in £10m purchase

By Charles Satchwell Ellis & Everard, which claims to be the largest British chemicals distribution group, is to pay nearly £10m in shares and cash for CFC Fleet Chemicals (Holdings) an unlisted company which stores, blends and packages chemicals.

This deal, which requires the approval of Ellis's shareholders, will combine its nationwide network of 18 distribution depots with CFC's technical skills in blending and formulating chemicals. CFC has two large depots in Middlesbrough and Eaglescliffe on Teesside.

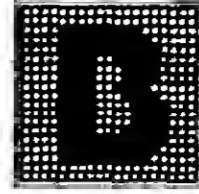
ICCI is a major shareholder in both Ellis and CFC, owning 28.16 per cent of the former and 100 per cent of the latter. It is in favour of the deal but did not instigate it, Mr Marshall said.

The board still expects to exceed the 1984-85 pre-tax profit of £3.52m, but the increase will be smaller than anticipated.

NEW ISSUE

MARCH 1986

All these notes having been sold, this announcement appears as a matter of record only



Banque Nationale de Paris

U.S. \$ 125,000,000 8 3/4% Notes due 1993

- BANQUE NATIONALE DE PARIS GOLDMAN SACHS INTERNATIONAL CORP. CREDIT SUISSE FIRST BOSTON LIMITED DEUTSCHE BANK CAPITAL MARKETS LIMITED KLEINWORT, BENSON LIMITED MORGAN STANLEY INTERNATIONAL ALGEMENE BANK NEDERLAND N.V. BANQUE BRUXELLES LAMBERT S.A. CAISSE DES DEPOTS ET CONSIGNATIONS CITICORP INVESTMENT BANK LIMITED CREDIT AGRICOLE DAIWA EUROPE LIMITED DRESNER BANK ENSKILDA SECURITIES ARTEGESELLSCHAFT SKANDINAVISKA ENSKILDA LIMITED IBI INTERNATIONAL LIMITED MITSUBISHI FINANCE INTERNATIONAL LIMITED MORGAN GUARANTY LTD NOMURA INTERNATIONAL LIMITED PRUDENTIAL-BACRI SECURITIES INTERNATIONAL SALOMON BROTHERS INTERNATIONAL LIMITED SHEARSON LEHMAN BROTHERS INTERNATIONAL SVENSKA HANDELSBANKEN GROUP SWISS BANK CORPORATION INTERNATIONAL LIMITED UNION BANK OF SWITZERLAND (SECURITIES) LIMITED S.G. WARBURG & CO. LTD

HEPWORTH CERAMIC HOLDINGS PLC

A VERY GOOD SECOND HALF

Excerpts from the Statement by the Chairman, Mr Peter Goodall, CBE, TD.

- * 1985 was in trading terms the reverse of 1984 so that we had a very strong first half in 1984 after which business fell away very badly, whereas in 1985 we had a very weak first half and thereafter business picked up steadily throughout the remainder of the year and continues to do so. The total profit in 1985 was made up of £13.5 million in the first half of the year and £20.0 million in the second half. * We have continued our drive for ever more efficient production and our capital expenditure in 1985 amounted to over £25 million. * The merger into GR-Stein Refractories Limited of the British Steel Corporation's refractories division has proceeded both smoothly and well. We increased our exports of refractories over 1984's total by some 40%... and, as a matter of interest we sold refractories to the Japanese. * Your board has decided to recommend a final dividend of 4.3 pence per share. This gives a total of 7.2 pence per share, an increase of 6.7% on the previous year.

1985 RESULTS IN BRIEF For year ending 31st December. Table comparing 1985 and 1984 for Turnover, Profit before tax, Dividends, and Earnings per share.

I think... that the major markets in which this group operates will now improve, and I am of this opinion not only because of the market information available to me but also because of the appalling state the capital infrastructure of this country has reached... our business will grow because quite apart from current demand there is an enormous backlog which needs to be tackled. All of this can only be of great benefit to this group whose profitability responds very favourably to volume.

The Annual General Meeting of Hepworth Ceramic Holdings PLC will be held on 8th May in London. Copies of the full Statement and the Annual Report and Accounts can be obtained from The Secretary, Genefax House, Tapron Park Road, Sheffield S10 3EJ.

HCH Leaders in clayware, refractories, industrial sands and minerals, and prominent in plastics, foundry resins and engineering activities.

BROWN GOLDIE & CO. LIMITED Development Capital for Private Companies Management Buy-Outs Write or telephone: Ian Hislop or Cameron Brown, Brown Goldie & Co. Limited, 16 St. Helen's Place, London EC3A 6BY. Telephone: 01-638-2575.

Granville & Co. Limited Member of The National Association of Security Dealers and Investment Managers. Over-the-Counter Market. Table with columns: High/Low, Company, Price, Change, Div., Yield, P/E, Fully Paid.

UK COMPANY NEWS

SENIOR ENGINEERING GROUP 1985 RECOVERY TO RECORD OPERATING PROFITS

Table showing financial performance: PRE-TAX PROFITS +80%, EARNINGS +63%, DIVIDENDS +13%

Table comparing 1985 and 1984 performance: Turnover (103.7 vs 100.7), Operating profit (6.3 vs 5.3), Profit before tax (5.2 vs 2.8), Dividends per share (1.70p vs 1.50p)

"Prospects for the future are encouraging" Professor Roland Smith Chairman.

If you would like a copy of the 1985 Report and Accounts when it is published in a few weeks time, please write to the Secretary, Senior Engineering Group plc, Senior House, 21 Derby Road, Watford, Herts WD1 2LT.



Mellerware falls short with £0.4m

A STRONGER finish to 1985 has seen Mellerware International produce a pre-tax profit of £402,000, after only breaking even at halfway. But the profit is lower than expected mainly because of increased pressure on margins.

comment In 1985 almost everything went wrong for Mellerware. Moul-nex bumbled and bashed and finally cancelled its contract. Both of its key product developments were delayed.

Dixon and Gelfer profit projections

BOTH parties in the agreed £8.72m merger between clothing manufacturers A & J Gelfer and David Dixon Group have published profit forecasts for the financial year just ended.

Universal Health Care prepares for market debut

Universal Health Care, which makes and distributes medical equipment, is planning a stock market flotation early this summer.

Associated Book paying £3.5m for publisher

Associated Book Publishers (ABP) is to take over London-based Croom Helm, the academic publisher, in a shares and cash deal valued at £3.5m.

Parambe higher

Parambe raised pre-tax profits from £96,531 to £133,738 in 1985. Earnings per 10p share rose from 1.51p to 2.06p and a final dividend of 0.8p makes a total of 1.25p (1.1p) net.

Fortnum hit by cost of refurbishment

Costs associated with refurbishment and redesign affected trading last year at Fortnum and Mason, the department store located in London's Piccadilly. Taxable profit for the year slipped from £1,096m to £1,033m.

The directors say that compared with the strong performance in the two previous years the pattern of trading in the 12 months to January 26 1986 was mixed. After a near 20 per cent gain in the first half, sales in the second increased by only 6 per cent.



Rand Mines Group

All companies are members of the Barlow Rand Group Gold Mining Company Reports for the Quarter ended 31st March, 1986



Office of the Secretaries of the undamtioned companies in the United Kingdom, 40 Holborn Viaduct London EC1P 1AJ

Table for HARMONY GOLD MINING COMPANY, LIMITED showing quarterly operating results and financials for 1985-1986.

Table for DURBAN ROODEPOORT DEEP LIMITED showing quarterly operating results and financials for 1985-1986.

Table for BLYVOORUITZ GOLD MINING COMPANY, LIMITED showing quarterly operating results and financials for 1985-1986.

Table for EAST RAND PROPRIETARY MINES LIMITED showing quarterly operating results and financials for 1985-1986.

10th April, 1986

10th April, 1986

This advertisement complies with the requirements of the Council of the Stock Exchange of the United Kingdom and the Republic of Ireland and does not constitute an offer of, or invitation to subscribe for, securities.

Banque Nationale de Paris advertisement featuring a logo and details of £50,000,000 9 1/2 per cent. Notes 1991.

African Development Bank advertisement for KD 2,000,000/- SERIES 'A' 8 3/4% BONDS DUE 1987.

Pegler rejection Pegler-Hattersley, the engineering group, yesterday rejected the £175m all-paper bid for it, launched last week by F. M. Tomkins, the acquisitive industrial holding company.

Microfilm buys Microfilm Reprographics, the USM, quoted microfilming bureau, is to buy West London-based FDS Microforms in a deal valued at £4.25m, which will be financed by a vendor placing.

Fitzwillton sale Fitzwillton, the Dublin based investment company, is to sell its wholesaling textile subsidiary Crowe Wilson to Capstan Investments for £1.1m in cash.

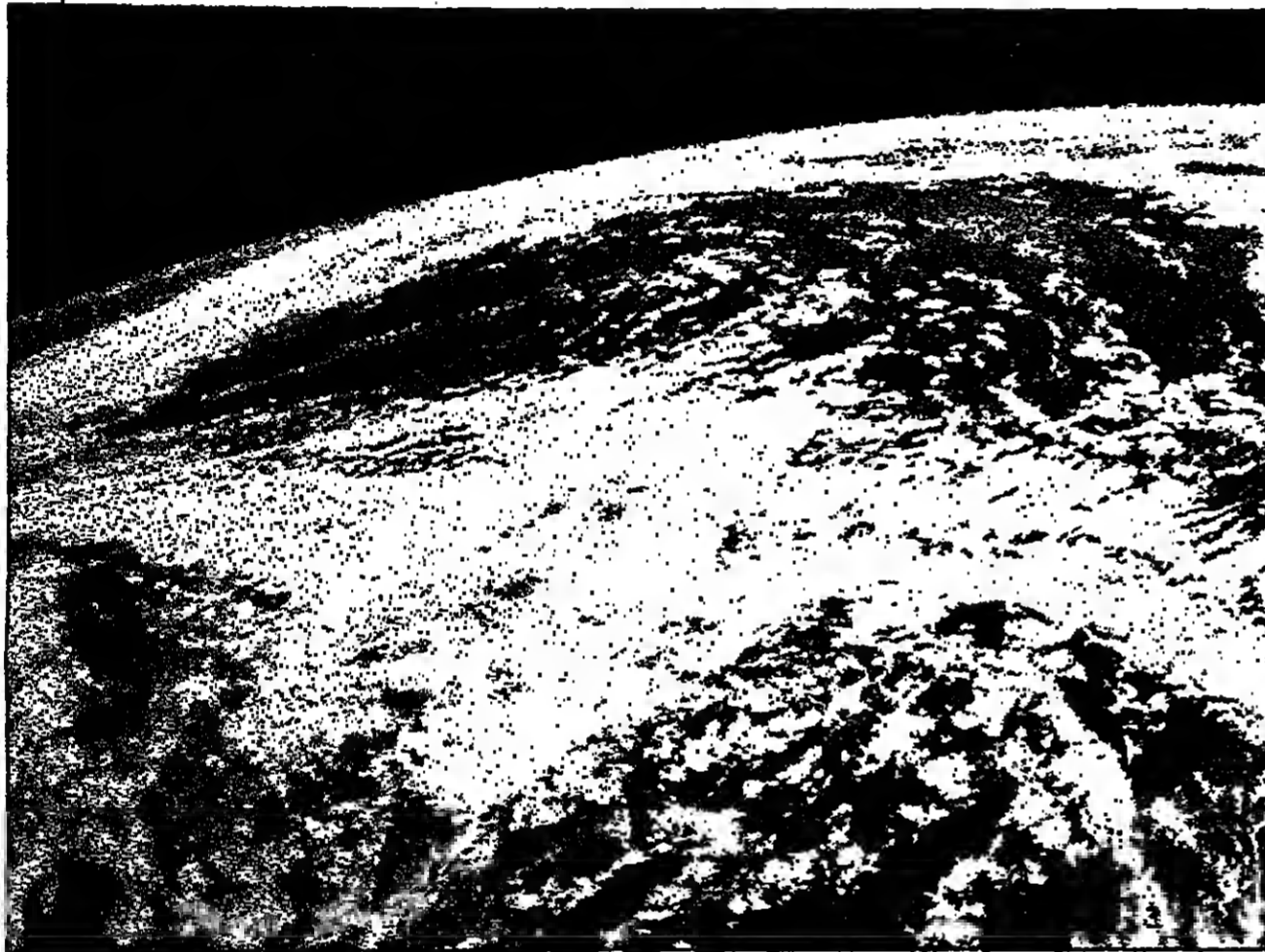
CU acquisition Commercial Union Assurance is acquiring Ashton Tod McLave, a firm of regional stockbrokers based in Liverpool, with offices in Warrington and Chester.

Johnsen & Jorgensen From a turnover £2m ahead at £13.26m Johnsen and Jorgensen Packaging, a manufacturer of plastic and glass containers, increased its 1985 pre-tax profits from £932,000 to £1.13m.

LADBROKE INDEX 1,397,483 (-12) Based on FT Index Tel: 01-427 4411

Handwritten Arabic text at the bottom of the page.

STRENGTH IN DEPTH ACROSS THE WORLD.



مكتبة الميراث

Standard Chartered

**STRENGTH IN DEPTH
ACROSS THE WORLD.**

STANDARD CHARTERED BANK, HEAD OFFICE: 38 BISHOPSGATE, LONDON EC2N 4DE.

STATEMENT ON THE 1985 RESULTS BY THE CHAIRMAN THE RT. HON. LORD BARBER.

Profits before taxation of Standard Chartered PLC for the year ended 31 December 1985 amounted to £268 million. The comparable figure for 1984 was £240 million, after restating Standard Bank Investment Corporation Limited (Stanbic) as an associate for that year. The growth in pre-tax profits excluding Stanbic was 25%. Profits after taxation and minority interests amounted to £133 million, compared with £100 million, and the earnings per share increased by 32% to 55.3 pence per share.

An interim dividend of 10.5 pence per share was paid in October and the recommendation of the Board is for a final dividend of 20.0 pence per share. Thus the total payment for the year is 30.5 pence per share, which is covered 2.5 times by earnings.

During 1985 Stanbic ceased to be a subsidiary and became an associate company as a result of its rights issue in which Standard Chartered did not participate; at the year-end the Group shareholding amounted to 43%. Subsequent transactions will have the effect of reducing the Group interest further to 39%. All the 1984 comparative figures have been restated as if Stanbic was an associate also at that time.

Once again exchange rate fluctuations have had a marked effect on earnings as translated into sterling and this year the impact has been adverse as a result of the weakening of the US dollar and of currencies linked to it and the sharp depreciation of the rand. The extent of the impact can be gauged from the fact that, if exchange values had remained constant, \$55 million would have been added to pre-tax profits.

SHAREHOLDERS' FUNDS £1,240 MILLION

Total debt provisions in 1985 amounted to £101 million, compared with £137 million in 1984, partly helped by the strength of sterling and certain provisions no longer required. Welcome improvements were experienced in several business areas which more than offset the well-publicised problems in Singapore and Hong Kong, and of the tin crisis.

A major objective during 1985 was to strengthen the capital base of the Group, so that Standard Chartered could be seen to be strongly capitalised in comparison with peer banks and to strengthen confidence in our ability to conduct an international banking business in a world full of upsets and uncertainties. This was accomplished without making any direct call on shareholders, following the approval by the Bank of England of a new category of primary capital: undated subordinated notes that are convertible in certain circumstances into preference capital. Standard Chartered undertook four capital market transactions which provided us with US\$1,100 million and £150 million of primary capital. Taken in conjunction with the capital raising and changed shareholding proportion in Stanbic, by the year-end the primary capital ratio stood at 7.6% compared with 5.5% at end 1984.

Meanwhile we continue to examine opportunities to refinance or sell fixed assets in order to release capital funds for our principal business of banking. Towards the end of the year we completed the sale of the former headquarters in Clements Lane for £47 million and preliminary consideration is being given to the sale and leaseback of the Singapore headquarters building as soon as market conditions are favourable.

Total assets employed in the Group were almost unchanged at £28.8 billion, with exchange rate factors offsetting underlying growth.

Our UK-based businesses all had a successful year in 1985, especially the International Banking Division. The UK contribution to total pre-tax profits rose to 45% compared with 19% in 1984. This is in accordance with our strategic objectives and has improved the effective tax rate.

I have already referred to the changed shareholding relationship with Stanbic during 1985, as a result of their own capital strengthening moves. Despite the political and economic situation, Stanbic again achieved record results with a 19% improvement in post-tax earnings to R190 million.

The South African contribution to Group profits declined from 19% to 12%. Following the debt standstill enforced by the South African authorities we have been closely involved in the discussions that were so

ably conducted by Dr. Leutwiler.

Union Bank continued its successful record of progress, with a 6% post-tax profit increase to US\$47 million, although the weakening dollar trimmed the relative profit contribution of North America to the Group total to 16%. In pursuit of our corporate strategy Union Bank has agreed to acquire United Bank of Arizona. This will become operative from the beginning of 1987, in compliance with Arizona state legislation.

In Australia we were duly named as one of the international banks to be invited to apply for a full banking licence and much activity has since taken place to reorganise and gear up our existing operations to this end, including establishing a head office in Adelaide, South Australia. In China we now have a network of 6 offices and a co-ordinating administration based in Hong Kong. This reflects the strategic importance being accorded to the development of our historic connection with that country. In Hong Kong we took the important decision to redevelop our regional headquarters building and work will commence during 1986.

CAPITAL RESOURCES £2,784 MILLION

Shareholders will be receiving a special circular giving notice of an extraordinary general meeting to approve an increase in our investment in the Mocatta companies. At the time this statement goes to press the extraordinary general meeting to authorise the transaction has still to be held. However, I should record the Board's view that the proposed increase in our investment in the Mocatta companies to 80% at a cost of approximately US\$118 million fits well with the strategic priorities of the Group and consolidates a substantial subsidiary status a profitable group of bullion trading businesses.

The crisis in the international tin market has left behind it some disturbing precedents for all those engaged in international finance. Standard Chartered's direct and indirect exposure was modest, but the wider implications of this disorder around the world have yet to be fully digested. Our Senior Deputy Chairman, Mr. Peter Graham, endeavoured to organise an orderly resolution of the problems created by the inability of the International Tin Council to meet its obligations to the tin market. After four months' energetic negotiations it is sad to record that the 22 government signatories of the International Tin Agreement not only were unable to agree collectively to participate in the proposed solution, but have repudiated their contractual obligations. The attitude of the British government was in honourable contrast to others in actively working for a solution.

TOTAL ASSETS £28,833 MILLION

As a bank with close ties with the developing countries of Africa and Asia, we welcome the new approach to the Third World debt problem which the US Secretary of the Treasury, Mr. James Baker, outlined last September. Although progress in implementation has been slow so far, the proposals have changed the nature of the debate about how to deal with the debt problem and have placed new emphasis on the importance of long-term economic adjustment and growth orientated policies in the debtor countries, policies which this bank has been actively supporting for some time now, not only by its lending policies in Africa and Asia, but also by its close co-operation with the IMF and with the World Bank in various co-financing projects.

Towards the end of 1985 the headquarters of the Group in London was moved from 10 Clements Lane, the former Standard Bank head office, to 38 Bishopsgate where a major redevelopment was undertaken on the site of The Chartered Bank's old head office. We were greatly honoured when Her Majesty The Queen, on 20 March 1986, carried out the official opening of the new building.

In January 1986 we welcomed two new directors to the Board. Mr. John F. Harrigan who has been chairman and chief executive of Union Bank since 1980, and Mr. Philip Robinson, who recently retired as a director of J. Henry Schroder Wagg and who has been a valued adviser for many years.

FT LAW REPORTS

Injunction is appropriate to stop arbitration

COMPAGNIE EUROPEENNE DE CEREALES SA v TRADAX EXPORT SA
Queen's Bench Division (Commercial Court): Mr Justice Hobhouse: March 21 1986

ARBITRATORS APPOINTED under the Gasta arbitration rules have no power to override a defence of statutory time-bar and, where appropriate, may be restrained by injunction outside the time limits imposed by the arbitration contract.

Mr Justice Hobhouse so held when giving judgment for the seller, Compagnie Europeenne de Cereales SA ("CEC"), on its application for an injunction to restrain the buyer, Tradax Export SA, from proceeding with an arbitration arising out of a contract for the sale of soyabean meal.

HIS LORDSHIP said that in December 1972 CEC made three contracts with Tradax for the sale of US soyabean meal. The contracts, numbered 364, 362 and 364, were on Form 100 364 and 364, which were approved by the Grain and Feed Trade Association (Gafsa). They provided for monthly shipments between April and September 1973.

In June 1973 the US imposed an embargo on the export of soyabean meal, and in the following month, introduced a quota licensing system. Consequently CEC did not make full shipments for the last three months.

In October and November 1973 Tradax claimed arbitration against CEC under contracts 364 and 364, and appointed arbitrators. It made no claim and appointed no arbitrator in respect of contract 362.

Nothing then happened for 10 years. In September 1983 Tradax sought to resurrect the claims under contracts 364 and 364, and for the first time sought to make a claim under 362.

On February 8 1984 CEC started the present proceedings against Tradax, saying that the arbitration agreements had been frustrated, abandoned or rescinded, and that any claim in respect of contract 362 was time-barred under the Limitation Act 1980-1980. It claimed declaratory and injunctive relief.

Tradax put in a defence, but admitted that the claim under contract 362 was time-barred under the Limitation Act in August 1976. CEC now applied for an injunction against Tradax restraining it from proceeding with the arbitration under 362.

The terms of the contract included an arbitration clause: "(a) any dispute arising out of this contract shall be settled by arbitration... (b) Neither party... shall bring any action... until such dispute shall first have been heard and determined by the arbitrators..."

The latter part of that clause contained a Scott v Avery provision. The Arbitration Rules No 125, by clause 2 (1) to (6), provided that a party claiming arbitration should notify the other within stipulated time limits. Clause 2 (7) provided: "In the event of non-compliance with any of the preceding provisions of these Rules, the claim shall be deemed to be waived and absolutely barred unless the arbitrators or Board of Appeal shall in their absolute discretion otherwise determine."

Tradax said that by that clause the parties had agreed to submit to the discretion of the arbitrators whether a claim should be allowed to proceed. It said, therefore, that the injunction should be refused. That argument depended on the proposition that the arbitrators' discretion allowed them to override a defence under the Limitation Act.

The argument failed. The provision in the Arbitration Rules No 125 was clear and unequivocal. It laid down various time limits for the doing of various acts. It expressly referred to "non-compliance with any of the preceding provisions of these Rules."

Those were exact words which were incapable of applying to any statutory provision. As a matter of law on their correct construction the Arbitration Rules did not give arbitrators any discretion to override the defence available to CEC under the Limitation Act.

Alternatively Tradax relied on the Scott v Avery clause as giving it a defence to the action. To make good that defence Tradax had to show the relevant question was within the jurisdiction of the arbitrators. The Scott v Avery clause was not applied to a "dispute arising out of or under this contract."

The defence depended on what was within the arbitrators' jurisdiction. For arbitrators to make error in relation to the arbitration contract and exceed their jurisdiction. Construction of the contract and determination of the parties' rights were precisely what had been submitted to the arbitrators to decide.

Tradax argued that the discretion given under clause 2 of the Arbitration Rules came into the same category. Two principles were relevant. First, there must be some legal or equitable right in support of which the application for the injunction was made. Second, the arbitration clause was a self-contained contract, bilateral or ancillary to the main contract of which it formed part. The arbitrators became parties to the arbitration contract by accepting appointments under it.

A party had a right to apply to the court for an injunction to restrain a breach of the arbitration contract, just as with any other contract. The relevant question was whether the arbitration agreement was being broken. If it was, then there was no objection in principle to the granting of an injunction. That must be contrasted with questions relating to the commercial contract.

Questions relating to the commercial contract were the subject matter of the arbitration. Except in the determination of those questions did not, without more, show any breach of the arbitration contract. The arbitrators were not parties to the commercial contract and were not, in the proper sense of that word, bound by it.

It followed that the question on an application for an injunction was whether the plaintiff was seeking to restrain a breach of the arbitration contract. In the present case that was what CEC was seeking to do. The Arbitration Rules were terms of the arbitration contract. The arbitrators were not at liberty to depart from the Rules. The agreement was to arbitrate "in accordance with the Arbitration Rules No 125."

Tradax was asking for an arbitration not in accordance with those rules. CEC was seeking to restrain a breach of the arbitration contract. The Scott v Avery clause did not bar an application to the court to restrain such a breach. It applied only to disputes which the arbitrators were empowered to decide.

The final point was whether the remedy of injunction was appropriate. If it was the only way of ensuring that the arbitration contract was not broken, convenience and principle both suggested it was the appropriate remedy.

CEC was entitled to the injunction sought. For CEC: Morrin Moore-Bick (Richard Butler and Co). For Tradax: Nicholas Leigh-Jones (Sinclair Roche and Temperley). By Rachel Davies Barrister

FT CROSSWORD PUZZLE No. 5,997 HIGHLANDER

ACROSS 1 Horse used stable with one on (6) 2 Where to leave things in ship for radio officer (6) 3 Sound made by breathing gets snake infuriated (8) 4 Glass has no right to (6) 5 Egg producer is old to change (5) 6 Reveal nothing in the programme (9) 7 Barrel made in Woodstock (6) 8 Was pleased after son dug his heels in (7) 9 There's space for members in the French train (7) 10 Iron's to drive the ball in cross (8) 11 Stop match becoming complete defeat (9) 12 Instruction book? (5) 13 Remaining descendant is likely to succeed (4,2) 14 Employ entire year in a discarded manner (8) 15 Visually handicapped but made a match with marble interior (8) 16 Water's running - perhaps it's the spring (6) 17 First section of approach to London borough is attractive (8) 18 Fatty deposit covering road (5) 19 To turn up to take one's

DOWN 1 Additionally, for us, mixed bags (4,5) 2 Queen about public transport (5) 3 Celestial bodies don't begin with these: some athletic bodies do (8) 4 Singlet? Ahead by two points (4) 5 Understood about different dock level (3, 4) 6 Vale is coming up (9) 7 Boycott bowled during temporary loss of vision (8) 8 The average is poor (4) 9 Plant available to one in South Africa (7) 10 Hunted and fed as pair watched (6) 11 Broken reed accommodates one bird (5) 12 Get high on a pound? Rubbish! (5)

Solution to Puzzle No. 5,996

ACROSS 1 HORSE 2 SHIP 3 BREATH 4 RIGHT 5 OLD 6 REVEAL 7 BARREL 8 PLEAS 9 MEMBERS 10 IRON 11 STOP 12 INSTRUCTION 13 REMAINING 14 EMPLOY 15 VISUALLY 16 WATER 17 SECTION 18 FAT 19 TURN

DOWN 1 ADDITIONALLY 2 QUEEN 3 CELESTIAL 4 SINGLET 5 UNDERSTOOD 6 VALE 7 BOYCOTT 8 AVERAGE 9 PLANT 10 HUNTED 11 BROKEN 12 GET 13 RUBBISH

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth Fund, Abbey Income Fund, etc., with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts and their managers, including Lazard Brothers & Co, Lazard Brothers & Co Ltd, Lazard Brothers & Co Ltd, etc., with columns for name, manager, and other details.

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various insurance and unit trust products, including 'Sentry Funds Management Ltd', 'Standard Life Trust Mgmt. Ltd', and 'Stewart Unit Trust Mgmt. Ltd'. Each entry includes a company name, address, and a list of products with their respective values and percentages.

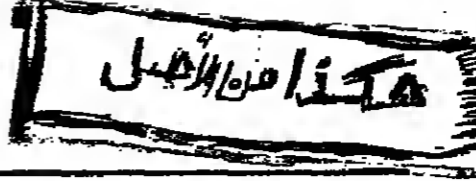
Table listing various insurance and unit trust products, including 'Clerical Medical Managed Funds Ltd', 'Fidelity's Provident Life Office', and 'Imperial Life Ass. Co of Canada'. Each entry includes a company name, address, and a list of products with their respective values and percentages.

Table listing various insurance and unit trust products, including 'London Life-Continued Pensioners', 'London & Manchester Group', and 'P&O Financial Services Ltd'. Each entry includes a company name, address, and a list of products with their respective values and percentages.

INSURANCES

Table listing insurance products under the 'INSURANCES' section, including 'AA Friendly Society', 'Abbey Life Assurance Co Ltd', and 'Abn-Amro Bank N.V.'. Each entry includes a company name, address, and a list of products with their respective values and percentages.

Handwritten text in Arabic script: 'مكتبة النجف'



INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund products, including company names, fund names, and numerical values.

Table listing insurance and overseas fund products, including company names, fund names, and numerical values.

Table listing insurance and overseas fund products, including company names, fund names, and numerical values.

Table listing money market bank accounts, including bank names, account types, and interest rates.

Table listing money market trust funds, including fund names and numerical values.

Table listing money market bank accounts, including bank names, account types, and interest rates.

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Vertical text on the right margin, including 'Money Market', 'Trust Funds', 'Money Market', 'Bank Accounts', 'TRADITIONAL OPTIONS', '3-month call rates'.

COMMODITIES AND AGRICULTURE

Controversy rages over dairy quota scheme

By Andrew Gowers
CONTROVERSY continued to rage yesterday between UK landlords and tenant farmers over compensation for dairy farmers who give up their milk production quota...

Thailand may hit back at US in rice 'price war'

THE Thai Government may subsidise rice exports and impose barriers against US imports if the Americans undercut Thailand's economically crucial rice exports...

Peru and Malaysia. Rice exports are expected to fall to between 300,000 and 350,000 tonnes this month...

protest rally at the US Embassy here today against what they call an attempt to steal Thai rice markets.

Trader forecasts peanut glut

EDIBLE PEANUTS may have become the latest agricultural commodity to be afflicted by a glut stimulated by bumper crops in the US, Argentina, China and South Africa...

Strong demand expected for titanium and tungsten

IN A new study of 12 major metals used by US industry, the US Bureau of Mines and the Commerce Department have concluded that long-term growth can be expected for only titanium, tungsten, platinum group metals and aluminium.

Quality tea dearer at London sale

THE AVERAGE price of quality tea at yesterday's weekly London auction was 195p a kilo, up from 185p a kilo at the previous sale...

Quality tea dearer at London sale

THE AVERAGE price of quality tea at yesterday's weekly London auction was 195p a kilo, up from 185p a kilo at the previous sale...

CAP on collision course

THE EEC's Common Agricultural Policy (CAP), far from being as intended, the unifying thread of Europe bids fair to destroy any hopes of effective unity...

FARMER'S VIEWPOINT

By John Cherrington
main concerns are the needs and demands of their own national constituents. Their views of the European ideal are decidedly subjective.

Quality tea dearer at London sale

THE AVERAGE price of quality tea at yesterday's weekly London auction was 195p a kilo, up from 185p a kilo at the previous sale...

Quality tea dearer at London sale

THE AVERAGE price of quality tea at yesterday's weekly London auction was 195p a kilo, up from 185p a kilo at the previous sale...

LONDON MARKETS

DEEPENING tension about the US/Libya situation elicited no reaction from the gold market yesterday as the London bullion price drifted down \$0.50 to \$341 a tray ounce...

INDICES FINANCIAL TIMES

Table with columns for Apr. 14 April 14th, Apr. 13 April 13th, Apr. 12 April 12th, Apr. 11 April 11th, Apr. 10 April 10th, Apr. 9 April 9th, Apr. 8 April 8th, Apr. 7 April 7th, Apr. 6 April 6th, Apr. 5 April 5th, Apr. 4 April 4th, Apr. 3 April 3th, Apr. 2 April 2th, Apr. 1 April 1st.

REUTERS

Table with columns for Apr. 11 April 11th, Apr. 10 April 10th, Apr. 9 April 9th, Apr. 8 April 8th, Apr. 7 April 7th, Apr. 6 April 6th, Apr. 5 April 5th, Apr. 4 April 4th, Apr. 3 April 3th, Apr. 2 April 2th, Apr. 1 April 1st.

DOW JONES

Table with columns for Apr. 11 April 11th, Apr. 10 April 10th, Apr. 9 April 9th, Apr. 8 April 8th, Apr. 7 April 7th, Apr. 6 April 6th, Apr. 5 April 5th, Apr. 4 April 4th, Apr. 3 April 3th, Apr. 2 April 2th, Apr. 1 April 1st.

MAIN PRICE CHANGES

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

METALS

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

GRAINS

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

MEAT

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

COFFEE

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

SOYABEAN MEAL

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

SUGAR

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

GAS OIL FUTURES

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

FREIGHT FUTURES

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

POTATOES

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

WHEAT

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

RUBBER

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

COTTON

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

WHEAT

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

WHEAT

Table with columns for Apr. 14, Apr. 13, Apr. 12, Apr. 11, Apr. 10, Apr. 9, Apr. 8, Apr. 7, Apr. 6, Apr. 5, Apr. 4, Apr. 3, Apr. 2, Apr. 1.

prevented adequate planting. This factor also formed the early market reports Coley and Harper.

Table with columns for Month, Latest close, Previous close, Business done.

GAS OIL FUTURES

Table with columns for Month, Latest close, Previous close, Business done.

FREIGHT FUTURES

Table with columns for Month, Latest close, Previous close, Business done.

POTATOES

Table with columns for Month, Latest close, Previous close, Business done.

WHEAT

Table with columns for Month, Latest close, Previous close, Business done.

RUBBER

Table with columns for Month, Latest close, Previous close, Business done.

COTTON

Table with columns for Month, Latest close, Previous close, Business done.

WHEAT

Table with columns for Month, Latest close, Previous close, Business done.

WHEAT

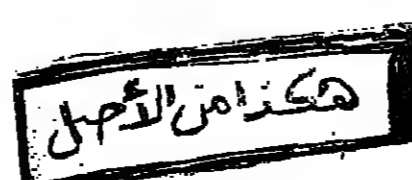
Table with columns for Month, Latest close, Previous close, Business done.

THE QUEEN'S AWARDS FOR EXPORT & TECHNOLOGY. Having been the proud recipients of Queen's Awards on three occasions...

MONDAY APRIL 21st 1986

FOR FURTHER INFORMATION AND THE CURRENT ADVERTISEMENT RATES, PLEASE CONTACT: Financial Times, Bracken House, 10 Green Street, London EC4P 4BY.

THE FINANCIAL TIMES is proposing to publish a survey on MOBILE COMMUNICATIONS. For further information please contact: NINA JASINSKI on 01-248 8000 ext. 4611.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar caught between factors

The dollar traded nervously on the foreign exchanges yesterday, caught between nervousness about the US military threat against Libya...

£ IN NEW YORK

Table showing exchange rates for £ in New York, including columns for Close, April 14, and Prev. Close.

14681. Exchange rate index rose 0.3 to 76.4, compared with 86.2 six months ago.

Sterling held firm, ahead of today's resumed meeting of Opec ministers in Geneva...

The dollar rose against the yen, but this was offset by forecasts that today's US industrial production figures will show a fall...

The dollar rose to DM 2.3090 from DM 2.3055; to SFR 1.9305 from SFR 1.9245; and to Y178.95 from Y178.35.

POUND SPOT—FORWARD AGAINST POUND

Table showing POUND SPOT—FORWARD AGAINST POUND with columns for April 14, Day's spread, Close, One month, and Three months.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing DOLLAR SPOT—FORWARD AGAINST DOLLAR with columns for April 14, Day's spread, Close, One month, and Three months.

EXCHANGE CROSS RATES

Table showing EXCHANGE CROSS RATES with columns for Apr 14, DM, YEN, SFR, HFL, Lira, D, S, F.

EURO-CURRENCY INTEREST RATES

Table showing EURO-CURRENCY INTEREST RATES with columns for April 14, Short term, One month, Three months, Six months, One year.

MONEY MARKETS

Interest rates were slightly lower where changed in London yesterday. Trading was a little lockstep with a smaller than expected shortage...

UK rates ease a little in quiet trading

Interest rates were slightly lower where changed in London yesterday. Trading was a little lockstep with a smaller than expected shortage...

NEW YORK RATES

Table showing NEW YORK RATES with columns for Treasury Bills & Bonds, Prime rate, Fed funds, and Lend Lease.

MONEY RATES

Table showing MONEY RATES with columns for April 14, One month, Three months, Six months, and Lend Lease.

FINANCIAL FUTURES

Weaker trend

Prices were mostly lower in the London International Financial Futures Exchange yesterday. There was little incentive to open fresh positions ahead of today's Opec meeting...

LIFE LONG LIQUIDITY FUTURES OPTIONS

Table showing LIFE LONG LIQUIDITY FUTURES OPTIONS with columns for Strike price, Call, Put, and various dates.

LIFE 5/8 OPTIONS

Table showing LIFE 5/8 OPTIONS with columns for Strike price, Call, Put, and various dates.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS with columns for April 14, Bank of England, Morgan's, and various currencies.

CURRENCY RATES

Table showing CURRENCY RATES with columns for April 14, Bank of England, Morgan's, and various currencies.

OTHER CURRENCIES

Table showing OTHER CURRENCIES with columns for April 14, Argentina, Brazil, and various currencies.

STERLING INDEX

Table showing STERLING INDEX with columns for April 14, Previous, and various indices.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS EUROPEAN CURRENCY UNIT RATES with columns for Euro central rates, Currency, and % change.

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING with columns for Three months US dollar, Six months US dollar, and bid/offer rates.

LONDON MONEY RATES

Table showing LONDON MONEY RATES with columns for April 14, Over night, 7 days notice, and various rates.

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING with columns for Three months US dollar, Six months US dollar, and bid/offer rates.

Identity Parade advertisement for Budget featuring Key Rings, Cuff Links, Enamel Badges, Paperweights, and Medals. Includes contact information for Manhattan-Windsor.

Company Notices advertisement for Banque Nationale de Paris, including a notice of redemption for £15,000,000 1 1/2% per cent Sterling Foreign Currency Bonds 1997.

World Value of the Pound advertisement featuring a large table of exchange rates for various countries and currencies, including Afghanistan, Albania, Algeria, etc.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'Index-Linked', 'INT. BANK AND OSEAS GOVT STERLING ISSUES', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', 'LOANS', 'Public Board and Ind.', and 'FOREIGN BONDS & RAILS'.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Name, Price, Dividend, and Yield.

ELECTRICALS

Table of Electrical stocks with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Name, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Name, Price, Dividend, and Yield.

BANKS, HP & LEASING

Table of Banks, HP & Leasing stocks with columns for Name, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits stocks with columns for Name, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of Engineering stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, Dividend, and Yield.

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INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, Dividend, and Yield.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

MINES—Continued

Table of mine stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

COMPONENTS

Table of component stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

REPAIRS AND DISTRIBUTORS

Table of repair and distributor stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

SHIPPING

Table of shipping stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

TEXTILES

Table of textile stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

TOBACCO

Table of tobacco stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

LEISURE

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

OIL AND GAS

Table of oil and gas stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

AUSTRALIANS

Table of Australian stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

PLANTATIONS

Table of plantation stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

TEAS

Table of tea stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

MINES

Table of mine stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

EASTERN

Table of eastern stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

FAR WEST

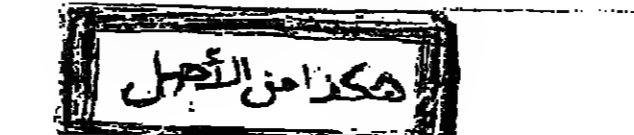
Table of far west stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.



WORLD STOCK MARKETS

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AUSTRIA

Table of Austrian stock prices for April 14, including companies like Creditanstalt and Erste Bank.

GERMANY

Table of German stock prices for April 14, including companies like Allianz and Daimler-Benz.

NETHERLANDS

Table of Dutch stock prices for April 14, including companies like ADF and Alkermat.

FRANCE

Table of French stock prices for April 14, including companies like Air France and Bouygues.

SPAIN

Table of Spanish stock prices for April 14, including companies like Banco de España and Telefónica.

ITALY

Table of Italian stock prices for April 14, including companies like Agnelli and Eni.

SWITZERLAND

Table of Swiss stock prices for April 14, including companies like Nestlé and Novartis.

FINLAND

Table of Finnish stock prices for April 14, including companies like Nokia and Wärtsilä.

SCANDINAVIA

Table of Scandinavian stock prices for April 14, including companies like A/S Norske Shell and A/S Norske Cement.

NORWAY

Table of Norwegian stock prices for April 11, including companies like Statoil and Norsk Hydro.

FINLAND

Table of Finnish stock prices for April 14, including companies like Nokia and Wärtsilä.

SWEDEN

Table of Swedish stock prices for April 14, including companies like Volvo and Saab.

NETHERLANDS

Table of Dutch stock prices for April 14, including companies like ADF and Alkermat.

FRANCE

Table of French stock prices for April 14, including companies like Air France and Bouygues.

SPAIN

Table of Spanish stock prices for April 14, including companies like Banco de España and Telefónica.

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SWITZERLAND

Table of Swiss stock prices for April 14, including companies like Nestlé and Novartis.

FINLAND

Table of Finnish stock prices for April 14, including companies like Nokia and Wärtsilä.

SCANDINAVIA

Table of Scandinavian stock prices for April 14, including companies like A/S Norske Shell and A/S Norske Cement.

ALIASTRALIA (continued)

Table of Australian stock prices for April 14, including companies like BHP and Woolworths.

JAPAN (continued)

Table of Japanese stock prices for April 14, including companies like Toyota and Nissan.

HONG KONG

Table of Hong Kong stock prices for April 14, including companies like HSBC and Citibank.

JAPAN

Table of Japanese stock prices for April 14, including companies like Toyota and Nissan.

ALIASTRALIA

Table of Australian stock prices for April 14, including companies like BHP and Woolworths.

JAPAN

Table of Japanese stock prices for April 14, including companies like Toyota and Nissan.

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ALIASTRALIA

Table of Australian stock prices for April 14, including companies like BHP and Woolworths.

JAPAN

Table of Japanese stock prices for April 14, including companies like Toyota and Nissan.

CANADA

TORONTO

Table of Toronto stock prices for April 14, including companies like Alcan and Inco.

NEW YORK

Table of New York stock prices for April 14, including companies like IBM and Microsoft.

INDICES

Table of various stock indices including Nikkei, Dow Jones, and FTSE 100.

Joint agency for Detroit newspapers

Two of the grand old names of the US newspaper business, the Detroit News and the Detroit Free Press, are coming together in a deal aimed at ending a promotional slugging match which has reportedly been costing their owners up to \$10m a year, writes Terry Dedworth in New York.

OVER-THE-COUNTER

Table of over-the-counter stock prices for various companies.

LONDON

Table of London stock prices for April 14, including companies like BP and Shell.

NYSE COMPOSITE PRICES

Table of NYSE composite stock prices for April 14, including companies like IBM and Microsoft.

Chief price changes

Table of price changes for various commodities and currencies.

Handwritten notes and scribbles at the bottom of the page.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 2pm, April 14

Main table of stock prices with columns for 12 Month High/Low, Stock Name, Price, Change, and various market indicators.

Kidder, Peabody & Co. Limited. Market Makers in Euro-Securities. An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo.

NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Prices at 2pm, April 14

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Table of Over-the-Counter prices with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

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